SUNAPEE BOARD OF SELECTMEN
MEETING AGENDA
6:30PM Town Office Meeting Room
Monday, March 21, 2022

•Election of Officers
•Committee Assignments
CIP (Capital Improvement Program)
CROWTHER CHAPEL
FIREWARDS
HIGHWAY SAFETY
JOINT ASSESSING BOARD
LSPA
PLANNING
SCENIC BYWAYS
SCHOOL ABC REP
UVLSRPC

1. REVIEW OF ITEMS FOR SIGNATURE:
CZC's:
Parcel ID: 0239-0005-0000 3 Messer Road, George & Deborah Grant
Parcel ID: 0239-0005-0000 3 Messer Road, George & Deborah Grant
Parcel ID: 0103-0019-0000 52 Oak Ridge, George & Linda Snow
Parcel ID: 0210-0028-0000 25 Hastings Heights, Eric Covill
Parcel ID: 0144-0037-0000 Hells Corner Road, Dan Bonin
Parcel ID: 0239-0004-0000 Nutting Road, Hans & Amy Hassell
DEMO PERMIT:
Parcel ID: 0126-0036-0000 26 Garnet Hill Road, Robert Coffin Real Estate Trust
LAND DISTURBANCE BOND:
Parcel ID: 0103-0019-0000 52 Oak Ridge, George & Linda Snow
DRIVEWAY:
Parcel ID: 0239-0004-0000 Nutting Road, Hans & Amy Hassell
PERMIT TO EXCAVATE:
Eversource, 52 Oak Ridge Road
Eversource, Maple St, Burkehaven Hill & Lake Ave.
DEMO PERMIT:
Parcel ID: 0135-0011-0000 28 Lovejoy Lane, Lizwob Realty

2. APPOINTMENTS
7:00PM-Betty Ramspott-Deeding

7:15PM-Chief David Cahill-Boat Dock Gift

7:30PM-Scott Hazelton-Highway Garage Water, Sewer and Sprinkler Project

3. PUBLIC COMMENTS:

4. SELECTMEN ACTION
•Town Manager appointment-Shannon Martinez
•Abbott Library Alternate Appointment-James McGraw, 1 Year Term
•LSPA Reappointments-Becky Rylander & David Beardsley, 1 Year Term
•Sign Transfer Station Agreement w/Springfield
•Approve 2022 Pay table
•Sign MS232
•Authorize Chairman to Sign Non-Attest Draft Approval
•Use of Facilities: 5/21/22 SMHS 5K Color Run, Dewey Beach & Various Town Roads
•Use of Facilities: 7/03/22 Lake Sunapee Yacht Club Fireworks, Dewey Beach

5. CHAIRMAN'S REPORT

6. TOWN MANAGER REPORTS
•Signed contract with Atlas Fireworks for Saturday, July 2$^{ND}$
•April Leave
•Staffing Changes and Updates

7. UPCOMING MEETINGS:
03/23-5:00PM-Energy Committee, Town Meeting Room
03/31-5:30PM-Water & Sewer Commission, Town Meeting Room
04/04-6:30PM-Board of Selectmen, Town Meeting Room
04/06-7:00PM-Conservation Commission, Town Meeting Room
04/07-6:00PM-Zoning Board, Town Meeting Room

**NONPUBLIC: The Board of Selectmen may enter a nonpublic session, if so voted, to discuss items listed under RSA 91-A:3, II**

**SUNAPEE HIGHWAY DEPARTMENT**
621 Route 11
Sunapee, New Hampshire 03782
Phone: (603) 763-5060 Fax: (603) 763-4337

# MEMORANDUM

FROM: Scott A. Hazelton, Highway Director
TO: Board of Selectmen
DATE: March 21, 2022
RE: Highway Garage Water, Sewer & Sprinkler System Project

Board of Selectmen:

With the unfortunate garage fire that occurred in Bradford, NH on March 3, 2022, which resulted with critical injuries of two people, buses being destroyed, and the garage being leveled to the ground, the intent of this memorandum is to be pro-active with our discussions pertaining to developing a financial strategy and schedule to install water and sewer service to the Highway Garage, and to install the new sprinkler system inside the garage. As you are aware, during previous meetings we've mentioned other DPW garage fires that have occurred throughout the state, most of which have resulted with total loss of building(s), vehicles and equipment, and significant unanticipated costs to the taxpayers. A list of some of the fires and losses that have occurred in New Hampshire over the last decade include:

- June 27, 2012, in Hopkinton, NH – Fire destroys the DPW garage including vehicles and equipment in the garage.
- January 30, 2013, in Wolfeboro, NH – Fire significantly damages the DPW garage and destroys plow trucks in the garage.
- January 31, 2015, in Henniker, NH - Fire destroys the DPW garage including vehicles and equipment in the garage.
- July 10, 2015, in Portsmouth, NH – DPW garage fire is contained by working sprinkler system in the garage, and the garage is able to be repaired (Vehicle and equipment loss not listed).
- January 1, 2018, in Danbury, NH – Fire causes significant damage to the DPW garage and destroys plow trucks in the garage.
- December 2, 2020, in Hollis, NH – Fire destroys DPW garage including vehicles and equipment in the garage.

That being said, the following Project Design & Estimated Costs, Project Funding Options, and Project Schedule information is provided to assist with future discussions:

**Project Design & Estimated Costs:** At this point, the construction plans for the water and sewer portion of the project are 95% complete. We are waiting for a wetlands permit from the NHDES Wetlands Bureau which was submitted in December of 2021. The Engineers Opinion of Probable Cost (EOPC) for construction of the water and sewer service (see attached EOPC) dated October 15, 2021, estimates the cost of the water and sewer service to be $716,199 (which includes a 10% construction cost contingency). The proposal dated September 18, 2019, from Hampshire Fire Protection Company, LLC, (see attached) for the installation of a new sprinkler system at the Highway Garage is $69,000. Therefore, the total project cost is $785,199. An updated EOPC for the water and sewer service, and a proposal for the sprinkler system, will need to be requested to obtain updated project costs due to the current economic climate.

2019 primex recommnd.

**Project Funding Options:** The Highway Garage Infrastructure Improvements Capital Reserve fund has a balance of $100,000 which includes funds that were approved with the passing of Article 14 on March 8, 2022. I sincerely thank the Board and the voters for their support for the project. With safety in mind, I am still concerned that the project schedule coupled with the current capital reserve plan might delay the project, and that this scenario has the potential to result with significant project costs in the future. During the 2021 budget season the Board discussed project funding options which included continuing to fund the capital reserve fund with $50K/year, using funds from the General Fund, possibly using Hydro funds (if appropriate), and the possibility of securing a bond to complete the project in 2023. My goal for tonight meeting is to continue our discussions and to begin developing financial strategy which utilizes one or more of the above options for the future funding of the project. If a bond is considered by the Board for construction of the project, the current economic climate suggests that interest rates will be increasing throughout this year. As we discuss funding options, I would also suggest that we explore any opportunities that might be available for alternative funding option such as grants.

**Project Schedule Option(s):** As we head into the second quarter of 2022 another goal is that we begin discussing and developing a schedule for construction of the project. Again, with safety at the forefront, I would recommend that the Board consider completing the project as soon as possible in 2023. The project will be "shovel ready" within a few weeks after receiving the wetlands permit which should be in the next month+/-. Grant applications (if available), typically would have to be prepared and submitted in the summer/fall of 2022 for 2023 funding, and would have to be supported/approved by the Board prior to their submission. Another factor effecting project schedule (and project costs) is the availability of site contractors to complete our project with the schedule that the Town establishes. Looking ahead, more favorable construction costs for projects of this type and size are typically received when bid proposals are solicited during the late winter/early spring months of the year for a late spring/early summer construction start date.

I look forward to discussing this with the Board tonight and periodically throughout this year.

cc: Shannon Martinez, Town Manager
Project file

# *PROPOSAL*

**Hampshire Fire Protection Co., LLC**
**8 No. Wentworth Ave. • Londonderry, NH 03053 • (603) 432-8221 • Fax: (603) 434-3194**
**1 Commercial Drive • Lebanon, NH 03784 • (603) 448-5461 • Fax: (603) 448-7334**
**277 Old Homestead Highway • Swanzey NH 03466 • (603) 358-6736 • Fax: (603) 358-6832**
**rstone@hampshirefire.com**

ATTN Craig

| PROPOSAL SUBMITTED TO: | | PHONE | FAX | DATE |
|---|---|---|---|---|
| Town of Sunapee Highway Department | | 748-0201 | | 9/18/2019 |
| STREET: 621 Route 11 | | JOB NAME: Highway Garage | | |
| CITY: Sunapee, NH. 03782 | | JOB LOCATION: 621 Route 11 | | |
| ARCHITECT: Trumbull Nelson | DATE OF PLANS: 9/13/2000 | Sunapee, NH. | | **Budget Pricing** |

We hereby submit specifications and estimates to furnish and install fire protection work including:

1. Starting inside of the building at a 6" underground water service provided by others.
2. DEP approved backflow preventer.
3. (1) Dry riser with trrim and compressor.
4. Tamper, flow, bell, & low pressure switches.
5. Storz fire department connection.
6. Exposed black steel pipe with upright type sprinkler heads in exposed construction and attic areas.
   Exposed black steel piping with upright heads in exposed Garage areas.
   Exposed black steel piping with upright heads underneath garage doors when in the open position.
   Concealed black steel pipe with chrome recessed dry pendent heads in finished ceiling areas.
   Pendent heads to be located in the centerline of ceiling tiles.
7. Complete working plans and hydraulic calculations per NFPA 13 standards based on adequate water pressure and flow being available at the point of connection. Design is based on Light and Ordinary Hazard.
8. Seismic restraints.
9. Fire caulking.
10. Permits & fees.
11. Record drawings and test certificates.
12. All work to be performed during normal business hours (Monday - Friday;7:00AM - 3:30PM).
13. Cad files for design work to be furnished to this contractor at no additional cost.
14. (1) year warranty on materials and installation.

This price does not include:

1. Underground service.
2. Alarm or electrical wiring.
3. Painting of piping or equipment.
4. Fire extinguishers or cabinets.
5. Storage of flammable liquids.
6. Tire storage.
7. Storage in excess of 12'-0" AFF.
8. Fire pump.
9. Remove/replace equipment or furniture etc.
10. Galvanized piping or fittings.

We propose hereby to furnish material and labor - complete in accordance with above specifications for the sum of:

SIXTY NINE THOUSAND DOLLARS AND 00/100 ($ 69,000.00 ).

**Payment to be made as follows:**

Net 30, Final upon completion.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized Signature

Robert C. Stone, Sales Representative

This proposal may be withdrawn by us if not accepted within 30 DAYS

**Acceptance of Proposal**

The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Kindly sign and return a copy of this proposal so we may schedule the work.

Date of Acceptance: ____________________

Signature ____________________

**DESIGN DEVELOPMENT ENGINEER'S OPINION OF PROBABLE COST**
**FOR**
**TOWN OF SUNAPEE GARAGE WATER AND SEWER EXTENSION**
**SUNAPEE, NEW HAMPSHIRE**
**PREPARED BY PATHWAYS CONSULTING, LLC.**
**October 15, 2021**

| Item Number | Item Description | Estimated Quantity | Unit | Estimated Unit Cost | Estimated Total Cost |
|---|---|---|---|---|---|
| **1.00** | **GENERAL SITEWORK** | | | | |
| 1.01 | Clearing,Grubbing, and Tree Trimming | 1.0 | LS | $7,500.00 | $7,500.00 |
| 1.02 | Boulder Excavation > 2CY Allowance | 200 | CY | $100.00 | $20,000.00 |
| 1.03 | Trench Ledge Removal (Non-Excavatable by Hydraulic Hammering or Blasting) Allowance Assumed Quantity, Borings or Probes would be needed to verify. | 800 | CY | $150.00 | $120,000.00 |
| 1.04 | Preblast Survey | 1 | LS | $5,000.00 | $5,000.00 |
| 1.05 | Ledge Probes | 2 | Days | $3,500.00 | $7,000.00 |
| 1.06 | Clean Fill to Replace Ledge Allowance | 600 | CY | $20.00 | $12,000.00 |
| 1.06 | Removal of Existing Pavement | 130 | CY | $25.00 | $3,250.00 |
| 1.07 | Coarse Crushed Stone NHDOT Item 304.5 (18" in Pavement Patch Areas) | 770 | CY | $35.00 | $26,950.00 |
| 1.08 | Fine Crushed Stone NHDOT Item 304.4 (6-inch depth in Pavement Patch Areas) | 260 | CY | $35.00 | $9,100.00 |
| 1.09 | 3/4" Hardpak for Trail Restoration on Non-Woven Fabric | 10 | CY | $50.00 | $500.00 |
| 1.10 | 3 1/2" Pavement Patch | 1,550 | SY | $28.00 | $43,400.00 |
| 1.11 | Milling Overlap Joints for Pavement Patch | 70 | SY | $20.00 | $1,400.00 |
| 1.12 | Clean Fill for Wetland Crossing | 1,200 | CY | $20.00 | $24,000.00 |
| 1.13 | Exploratory Excavation | 1 | AL | $3,500.00 | $3,500.00 |
| 1.14 | Remove and Reset Stairs | 1 | AL | $3,500.00 | $3,500.00 |
| 1.15 | Remove and Reset Site Lights | 3 | EA | $2,500.00 | $7,500.00 |
| 1.16 | Repair Stone Slope at Library | 1 | AL | $1,500.00 | $1,500.00 |
| **GENERAL SITEWORK SUBTOTAL** | | | | | **$296,100.00** |
| **2.00** | **Drainage Construction** | | | | |
| 2.01 | 4'x3' Concrete Box Culvert with 1' Infill (Insulate top of box, 1' of NHDOT 304.4 below box) | 67 | LF | $600.00 | $40,200.00 |
| 2.02 | Pumping Bypass for Culvert Installation (Assume 1 week) | 1 | AL | $5,000.00 | $5,000.00 |
| 2.03 | Boulder Headwall (Reuse On-site Material 3' High) | 50 | LF | $150.00 | $7,500.00 |
| 2.04 | 12" Minus for Ends of Headwalls | 20 | CY | $60.00 | $1,200.00 |
| 2.05 | 12" Infill Material | 10 | CY | $75.00 | $750.00 |
| **Drainage Construction Subtotal** | | | | | **$54,650.00** |
| **3.00** | **Water Main Construction** | | | | |
| 3.01 | 8-inch Ductile Iron Water Main | 880 | LF | $75.00 | $66,000.00 |
| 3.02 | 8-inch Gate Valve w/ valve Box and Cover | 1 | EA | $2,000.00 | $2,000.00 |
| 3.03 | 6-inch Hydrant Assembly | 3 | EA | $4,500.00 | $13,500.00 |
| 3.04 | 6-inch Gate Valve | 3 | EA | $1,800.00 | $5,400.00 |
| 3.05 | 6" Ductile Iron Water Main | 50 | LF | $75.00 | $3,750.00 |
| 3.06 | Ductile Iron Fittings (Retainer Glands Incidental) | 1,000 | LB | $4.00 | $4,000.00 |
| 3.07 | Water Service to Building (Assume 4" for Sprinkeler Line and 1" for Domestic) | 1 | AL | $10,000.00 | $10,000.00 |
| 3.08 | Field Lok Gaskets (Where WL is over 8% slope) | 10 | EA | $150.00 | $1,500.00 |
| **Water Main Construction Subtotal** | | | | | **$106,150.00** |
| **3.00** | **Sewer Main Construction** | | | | |
| 3.01 | 8" SDR35 PVC Sewer Main | 910 | LF | $70.00 | $63,700.00 |
| 3.02 | 6" SDR35 PVC Sewer Main | 130 | LF | $55.00 | $7,150.00 |
| 3.03 | 4' Diameter Sewer Manhole | 5 | EA | $4,200.00 | $21,000.00 |
| 3.04 | 5' Diameter Sewer Manhole | 1 | EA | $4,600.00 | $4,600.00 |
| 3.05 | Core and Boot Structure | 1 | EA | $500.00 | $500.00 |
| 3.06 | Pump Out and Crush Septic Tank in Place | 1 | LS | $2,000.00 | $2,000.00 |
| 3.07 | Remove and Dispose of Sewer Manhole | 1 | EA | $1,500.00 | $1,500.00 |
| 3.08 | Trench Anchor/Drain | 1 | EA | $1,200.00 | $1,200.00 |
| **Water Main Construction Subtotal** | | | | | **$101,650.00** |
| **4.00** | **Erosion Control** | | | | |
| 4.01 | Filtrex Silt Soxx (Perimeter Controls, Inlet Protection, Check Dams) | 2000 | LF | $4.00 | $8,000.00 |
| 4.02 | 1 1/2-inch Clean Washed Stone (Stone Check Dams Allowance) | 50 | CY | $50.00 | $2,500.00 |
| 4.03 | Dewatering Allowance | 1 | AL | $5,000.00 | $5,000.00 |
| 4.04 | Seed and Mulch (Jump Start, Conservation Mix, Starter Fertilizer, Straw Mulch) | 2200 | SY | $3.00 | $6,600.00 |
| 4.05 | Screened Loam (4" Thickness) | 250 | CY | $45.00 | $11,250.00 |
| **Erosion Control Subtotal** | | | | | **$33,350.00** |
| **5.00** | **Mobilization/Demobilization/Miscellaneous Work & Cleanup** | | | | |
| 5.01 | Mobilization/Demobilization (Assume 7.5% of Construction Cost) | 1 | LS | $44,392.50 | $44,392.50 |
| 5.02 | Miscellaneous Work & Cleanup (Assume 2.5% of Construction Cost) | 1 | LS | $14,797.50 | $14,797.50 |
| **Mobilization/Demobilization/Miscellaneous Work & Cleanup SubTotal** | | | | | **$59,190.00** |
| **ENGINEER'S OPINION OF PROBABLE CONSTRUCTION PROJECT COST** | | | | | $651,090.00 |
| **10% CONSTRUCTION COST CONTINGENCY** | | | | | $65,109.00 |
| **TOTAL ENGINEER'S OPINION OF PROBABLE COST** | | | | | $716,199.00 |

Note: This Engineer's Opinion of Probable Cost (EOPC) was established from the Preliminary Design Plans for the the Town of Sunapee Garage Water and Sewer Extension completed by Pathways Consulting, LLC, dated July 27, 2020. In providing this EOPC, the Client understands that Pathways Consulting, LLC (Pathways) has no control over the unit costs or availability of labor, equipment or materials, market conditions, or the Contractor's method of pricing. This EOPC was developed on the basis of experience with similar projects, including current unit prices that have been received by Pathways for similar projects. Pathways makes no warranty, express or implied, that the bid, or the negotiated cost of the work for this project will not vary from this EOPC.

TOWN OF SUNAPEE
23 Edgemont Road
Sunapee, New Hampshire 03782
Phone: (603) 763-2212 Fax: (603) 763-4925

COPY

# CERTIFICATE OF APPOINTMENT
# TOWN OF SUNAPEE, NEW HAMPSHIRE

To Shannon Martinez, of Sunapee, NH
In the County of Sullivan

Whereas there is a vacancy for a Town Manager as of November 6, 2021, in said town and whereas we, the subscribers, have confidence in your ability and integrity to perform the duties of said office, we do hereby appoint you the said Shannon Martinez, as Town Manager of said town as of November 6, 2021; and upon your taking the oath of office, and having this appointment and the certificate of said oath of office recorded by the Town Clerk, you shall have the powers, perform the duties, and be subject to the liabilities of such office, until another person shall be chosen and qualified in your stead. This term expires on November 6, 2024.

Given under our hands this 21st day of March 2022

________________________________________

________________________________________

________________________________________ Board of Selectmen

________________________________________

________________________________________

I, Shannon Martinez, do solemnly swear that I will faithfully and impartially discharge and perform all the duties incumbent on me as Town Manager according to the best of my abilities, agreeably to the rules and regulations of the constitution and laws of the State of New Hampshire. So, Help Me God.

STATE OF NEW HAMPSHIRE, ss.
SULLIVAN COUNTY

Personally, appeared the above-named Shannon Martinez who took and subscribed the foregoing oath. Before me,

Date ________________2022 ____________________________
Received and Recorded Betty Ramspott, Town Clerk

# TOWN OF SUNAPEE
## Volunteer Interest Form
## For Town Committees, Boards, and Commission

Name: McGraw, James Date: 2/1/2022
(Last) (First)

Sunapee Registered Voter: (X) Yes ( ) No

Mailing Address:
PO Box 373
Sunapee, NH 03782

Street Address (if different):
32 Harbor Hill Rd
Sunapee, NH 03782

Lived in Sunapee Since: 2019 Home Phone: 603 5584769 Work Phone N/A

E-mail: jamcgraw 2019@gmail.com Fax: ______

1. Please indicated the Board/Commission/Committee you would like to serve on in order of preference. (1-First Choice, 2-Second choice, etc.)

1 Abbott Library Trustee
___ Advisory Budget Committee
___ Capital Improvement Committee
___ Conservation Commission
___ Crowther Chapel Committee
___ Fireward
___ Planning Board Alternate
___ Recreation Committee
___ Thrift Shop
___ Upper Valley Lake Sunapee Regional
___ Zoning Board Alternate

2. For consideration:

a. Occupation: lawyer b. Employer: retired

c. Length of current employment: 43 yrs d. Education: college, law school

e. Relevant Experience: ______

f. Do you feel there may be any *conflict of interest* with your personal beliefs, occupation, or employer if appointed to serve on any of the above boards, commissions, or committees? ___Yes X No

g. Volunteer Time Available 6 hours per week (daytime) 3 hours per week (evenings)

3 hours per week (weekends)

h. Did you previously serve on any Municipal or School District Board/Committee/Commission? ___Yes X No

i. If yes, please indicate Town/Position: ______ / ______ /

Revised 11262018

j. Are you willing to serve as an Alternate? X Yes ___No

k. Are you willing to serve on a Sub-Committee? X Yes ___No

3. Why do you want to serve on this board/committee? I believe public libraries serve an important function in any community, but especially in small cities and towns. They offer educational and social opportunities for children and adults. I'd like to support that.

4. What attributes and/or qualifications can you bring to the Board/Committee/Commission? I have no particular agenda - I'm open-minded and open to new ideas. I enjoy working in a collaborative environment.

5. Your reasons for wanting this/these appointments /appointments are:
I'd like to make a contribution to the Town and give some of my free time to the support and enhancement of the Library

6. Additional Comments:

(Signature)

2/1/2022
(Date)

*Please send completed application form and resume, if available, to the Town Manager's Office, 23Edgemont Road, Sunapee, NH 03782 (telephone 603-763-2212, fax 603-763-4925)*

"considered **public information** and may be distributed or copied"

Revised 11262018

DRAFT Minutes of the Abbott Library Trustees Meeting
Thursday, February 17, 2022 6:30 pm
Abbott Library, Sunapee, NH

Attendees: Carol Brudnicki, Chair; Susi Churchill, Treasurer; Betsy Bowen, Jim Harrison, Jon Reed for Nancy Berger, and Suzanne Tether, Secretary.
Library Director – Mindy Atwood.
Tim Eliassen and Diane Keane, Representatives of the Abbott Library Foundation
Jan Harrison, Representative of the Friends of the Abbott Library
James McGraw, applicant for Abbott Library Board of Trustees Alternate position

## I. Chair's Remarks

At 6:31 pm Chair Carol Brudnicki called the meeting to order.

## II. Approval of Minutes

Betsy moved that the minutes of the January 20, 2022 meeting be approved as amended. Jon seconded the motion which passed unanimously.

## III. Treasurer's Report

Susi reported that she and Mindy met with the Town financial officer. New procedures and guidelines are being developed.

Suzanne moved that the January Manifest of Bills be approved. Jim seconded the motion, which was unanimously approved.

## IV. Director's Report

Mindy reported on the Library of Things which includes items like the popular piano key board mat.

The after school program is under way with 6 children in each class. The waiting list has more than double that number.

Varied program offerings drive circulation numbers.

Mindy is working with Jon Reed and the Sunapee Recreation Committee to organize a nine-week summer day camp.

The Sunapee School District Director of Students Services is planning an Extended Year Program (ESY) for 30 students pre K through 6th grade. The Library will collaborate with this program.

The newly integrated Abbott Library/ Sunapee School District catalog is ready for public access.

## V. Strategic Planning Progress Report/ESC

1a. Communication with the Community

1b. Communication with Partners

2. Role and Responsibilities of Trustees

3. Learning Opportunities
   Jim reported on the progress of Ten Learning Opportunities.

4. Volunteerism

5. Multi-purpose space
   Susi presented a chart, attached at the end of these minutes, detailing meeting spaces, availability, conditions, etc. within the town of Sunapee. A discussion ensued on available spaces and what additional spaces might some day be needed. The document is available for public distribution.

## PUBLIC MEETING

At 7:00 pm, Chair Carol Brudnicki halted the Abbott Library Board of Trustees meeting to call to order a public hearing. Under the State of New Hampshire statute RSA 31- 95 .D, a public meeting must approve receipt of any grant or gift in excess of $5000. Under its "Grants to States Program", The Institute for Museum and Library Services has awarded a grant of $14,971 to the Abbott Library. The New Hampshire State Library is facilitating these funds provided through the American Rescue Act Plan of 2021.

After explanation of the program and funding, Carol moved to accept the grant of $14,971. Jim seconded the motion which was approved unanimously. Following the vote the Trustees meeting resumed.

## VI. Friends of the Abbott Library

Jan Harrison reported that the 2022 funding requests were similar to those of 2021.
Under-utilized programs Freading and FreeGal are to be discontinued.
On March 31, Boston based author Hank Phillipii Ryan will present a book discussion via Zoom.

The Friends approved approximately $22,000 for programming and special items for the Library. Excluding personnel wages and benefits, the Library's annual operating budget is approximately $114,000. These community donations greatly enhance Library programming and offerings.

## VIII Abbott Library Foundation

Tim Eliassen reported that 2021 donations to the Abbott Library Foundation totaled $32,000, which include a $10,000 gift specifically targeted for the Children's Corner. The community continues to appreciate the Library's efforts to provide services during the pandemic.

Tim is grateful for the community's generosity. And the Library is most grateful for the Foundation's efforts.

## IX. Chair's Report

Carol introduced James McGraw who spoke briefly about his interest in becoming an alternate to the Abbott Library Board of Trustees.

Betsy moved that Jim be recommended to the Selectboard for approval to an alternate Trustee position. Jon seconded the motion which was approved unanimously.

Carol will forward the recommendation for the Selectboard's approval at their next meeting.

The first item of business at the March 17, 2022 meeting will be the election of a new slate of officers. Carol Brudnicki, Jane Frawley, and Betsy Bowen will be replaced by newly elected board members.

Mindy will send out the March meeting agenda.

## X. Old Business

Suzanne will pursue the storage shed issue and report back to the Board.

A huge thank you to Carol Brudnicki for her many years of active, dedicated service to the Abbott Library Board of Trustees.

Thank you also to Betsy Bowen for her intelligent insight and steadfast advice throughout her term of Board service.

Both members, and Jane Frawley, who resigned her position, will be missed as colleagues.

XII. **Non-public Session**

**Adjournment to a Non-public Session**

Carol made a motion to adjourn to a non-public session, seconded by Suzanne. By roll call vote, the Trustees voted unanimously to adjourn to a non-public session under 91-A:3 II(a) .

**Carol Brudnicki – yes**

**Jon Reed – yes**

**Betsy Bowen – yes**

**Jim Harrison - yes**

**Susi Churchill – yes**

**Suzanne Tether – yes**

Betsy moved to seal the minutes of the non-public session.
Jon seconded the motion which passed unanimously.

**Carol Brudnicki – yes**

**Jon Reed – yes**

**Betsy Bowen – yes**

**Jim Harrison - yes**

**Susi Churchill – yes**

**Suzanne Tether – yes**

Carol moved to resume public session, seconded by Jim. The motion passed unanimously by roll call vote.

**Carol Brudnicki – yes**

**Jon Reed – yes**

**Betsy Bowen – yes**

**Susi Churchill – yes**

**Suzanne Tether – yes**

The public session resumed at 7:58 pm.

Carol moved to seal the minutes of the non-public session, seconded by Susi. The motion to seal the minutes permanently passed unanimously by roll call vote.

**Carol Brudnicki – yes**

**Jon Reed – yes**

**Betsy Bowen – yes**

**Jim Harrison - yes**

**Susi Churchill – yes**

**Suzanne Tether – yes**

**XIII. Adjournment**

Jim moved to adjourn the meeting, seconded by Susi.
The motion passed unanimously. The meeting ended at 8:01 pm.

Respectfully submitted,
Suzanne Tether, Secretary

**Calendar**

| | |
|---|---|
| March 17, 2022 | Thursday – Trustees Meeting |
| April 21, 2022 | Thursday – Trustees Meeting |
| May 19, 2022 | Thursday – Trustees Meeting |
| June 16, 2022 | Thursday – Trustees Meeting |

**TOWN OF SUNAPEE**
23 Edgemont Road
Sunapee, New Hampshire 03782
Phone: (603) 763-2212 Fax: (603) 763-4925

# AGREEMENT FOR THE USE OF THE TOWN OF SUNAPEE TRANSFER RECYCLING FACILITY

This agreement is made between the Town of Sunapee and the Town of Springfield by their respective Boards of Selectmen. The purpose of this agreement is for the use of the Transfer Recycling Facility owned by the Town of Sunapee, by the residents and taxpayers of Springfield.

The Board of Selectmen of Springfield agrees to pay the Town of Sunapee $129,801 in four quarterly payments of $32,452.25 The total sum is 25% of the 2022 Transfer Station operating budget of $640,288 (160,072) less $30,263 which is 25% of the $129,809 (2021 Revenue) received from the sale of recycled items and the sale of "open-top" tickets. This agreement is to be renewed annually.

______________________ ______________________
Joshua Trow Date Approved

______________________
Suzanne Gottling

______________________
Frederick Gallup

______________________
Jeremy Hathorn

______________________
Carol Wallace

______________________ ______________________
Richard Hendl Date Approved

______________________
Amy Lewis

| Grade | | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 | Step 9 | Step 10 | Step 11 | Step 12 | Step 13 | Step 14 | Step 15 | Step 16 | Step 17 | Step 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | **Positions** | $ 14.65 | $ 15.02 | $ 15.40 | $ 15.79 | $ 16.18 | $ 16.58 | $ 16.99 | $ 17.41 | $ 17.85 | $ 18.30 | $ 18.76 | $ 19.09 | $ 19.42 | $ 19.76 | $ 20.11 | $ 20.46 | $ 20.82 | $ 21.18 |
| | Library Aid I | | | | | | | | | | | | | | | | | | |
| 5 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Building Custodian | | | | | | | | | | | | | | | | | | |
| | Transfer Station/Recycling Attendant I | $ 16.16 | $ 16.57 | $ 16.98 | $ 17.40 | $ 17.84 | $ 18.29 | $ 18.75 | $ 19.22 | $ 19.70 | $ 20.19 | $ 20.69 | $ 21.05 | $ 21.42 | $ 21.79 | $ 22.17 | $ 22.56 | $ 22.95 | $ 23.35 |
| | Harbor Liasion Officer | | | | | | | | | | | | | | | | | | |
| | Laborer | | | | | | | | | | | | | | | | | | |
| | Health Officer | | | | | | | | | | | | | | | | | | |
| | Library Aide II | | | | | | | | | | | | | | | | | | |
| 7 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Hydro Attendant | | | | | | | | | | | | | | | | | | |
| | Part-Time Police Officer | $ 17.80 | $ 18.25 | $ 18.71 | $ 19.18 | $ 19.66 | $ 20.15 | $ 20.65 | $ 21.17 | $ 21.70 | $ 22.24 | $ 22.80 | $ 23.20 | $ 23.61 | $ 24.02 | $ 24.44 | $ 24.87 | $ 25.31 | $ 25.75 |
| | Administrative Assistant I | | | | | | | | | | | | | | | | | | |
| | Office Clerk (Fire) | | | | | | | | | | | | | | | | | | |
| | Operator in Training | | | | | | | | | | | | | | | | | | |
| | Transfer Station/Recycling Attendant II | | | | | | | | | | | | | | | | | | |
| | Library Aide III | | | | | | | | | | | | | | | | | | |
| 9 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Administrative Assistant Highway | | | | | | | | | | | | | | | | | | |
| | Water/Wastewater Plant Operator I | $ 19.21 | $ 19.69 | $ 20.18 | $ 20.68 | $ 21.20 | $ 21.73 | $ 22.27 | $ 22.83 | $ 23.40 | $ 23.99 | $ 24.59 | $ 25.02 | $ 25.46 | $ 25.91 | $ 26.36 | $ 26.82 | $ 27.29 | $ 27.77 |
| | Truck Driver | | | | | | | | | | | | | | | | | | |
| | Exec Assistant Police | | | | | | | | | | | | | | | | | | |
| 10 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Welfare Administrator | | | | | | | | | | | | | | | | | | |
| | Light Equipment Operator | | | | | | | | | | | | | | | | | | |
| | Deputy Town Clerk/Tax Collector | $ 20.62 | $ 21.14 | $ 21.67 | $ 22.21 | $ 22.77 | $ 23.34 | $ 23.92 | $ 24.52 | $ 25.13 | $ 25.76 | $ 26.40 | $ 26.86 | $ 27.33 | $ 27.81 | $ 28.30 | $ 28.80 | $ 29.30 | $ 29.81 |
| | Account Clerk | | | | | | | | | | | | | | | | | | |
| | Librarian | | | | | | | | | | | | | | | | | | |
| | Children's Librarian | | | | | | | | | | | | | | | | | | |
| | Administrative Assistant II | | | | | | | | | | | | | | | | | | |
| 11 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Recreation Director Part-Time | | | | | | | | | | | | | | | | | | |
| | Heavy Equipment Operator | | | | | | | | | | | | | | | | | | |
| | Bookkeeper/Accountant | $ 21.64 | $ 22.18 | $ 22.73 | $ 23.30 | $ 23.88 | $ 24.48 | $ 25.09 | $ 25.72 | $ 26.36 | $ 27.02 | $ 27.70 | $ 28.18 | $ 28.67 | $ 29.17 | $ 29.68 | $ 30.20 | $ 30.73 | $ 31.27 |
| | Water/Wastewater Plant Operator II | | | | | | | | | | | | | | | | | | |
| | Office Manager W & S | | | | | | | | | | | | | | | | | | |
| | Prosecutor | | | | | | | | | | | | | | | | | | |
| | Buildings Maintenance Full-Time | | | | | | | | | | | | | | | | | | |
| 12 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Foreman Transfer Station | | | | | | | | | | | | | | | | | | |
| | Hydro Supervisor | | | | | | | | | | | | | | | | | | |
| | Water/Wastewater Control, Chief Operator | $ 23.39 | $ 23.97 | $ 24.57 | $ 25.18 | $ 25.81 | $ 26.46 | $ 27.12 | $ 27.80 | $ 28.50 | $ 29.21 | $ 29.94 | $ 30.46 | $ 30.99 | $ 31.53 | $ 32.08 | $ 32.64 | $ 33.21 | $ 33.79 |
| | Operator Diesel & Heavy Equip Mechanic | | | | | | | | | | | | | | | | | | |
| | Land Use Assessing Coordinator | | | | | | | | | | | | | | | | | | |
| | Buildings Maintenance Supervisor | | | | | | | | | | | | | | | | | | |
| | Full Time Police Officer | | | | | | | | | | | | | | | | | | |
| 14 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Highway Foreman | | | | | | | | | | | | | | | | | | |
| | Asst. Water & Sewer Superintendant | $ 27.79 | $ 28.48 | $ 29.19 | $ 29.92 | $ 30.67 | $ 31.44 | $ 32.23 | $ 33.04 | $ 33.87 | $ 34.72 | $ 35.59 | $ 36.21 | $ 36.84 | $ 37.48 | $ 38.14 | $ 38.81 | $ 39.49 | $ 40.18 |
| | Asst. Admin/Finance Director | | | | | | | | | | | | | | | | | | |
| | Planning and Zoning Director | | | | | | | | | | | | | | | | | | |
| | Police Sergeant | | | | | | | | | | | | | | | | | | |
| 15 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Combined Town Clerk/Tax Collector | | | | | | | | | | | | | | | | | | |
| | Building Inspector/Code Enforcement | | | | | | | | | | | | | | | | | | |
| | Library Director | $ 30.56 | $ 31.32 | $ 32.10 | $ 32.90 | $ 33.72 | $ 34.56 | $ 35.42 | $ 36.31 | $ 37.22 | $ 38.15 | $ 39.10 | $ 39.78 | $ 40.48 | $ 41.19 | $ 41.91 | $ 42.64 | $ 43.39 | $ 44.15 |
| | Finance Director | | | | | | | | | | | | | | | | | | |
| 16 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Police Lieutenant | $ 33.62 | $ 34.46 | $ 35.32 | $ 36.20 | $ 37.11 | $ 38.04 | $ 38.99 | $ 39.96 | $ 40.96 | $ 41.98 | $ 43.03 | $ 43.78 | $ 44.55 | $ 45.33 | $ 46.12 | $ 46.93 | $ 47.75 | $ 48.59 |
| 18 | **Positions** | | | | | | | | | | | | | | | | | | |
| | Water/Wastewater Superintendant | | | | | | | | | | | | | | | | | | |
| | Highway Director | $ 40.68 | $ 41.70 | $ 42.74 | $ 43.81 | $ 44.91 | $ 46.03 | $ 47.18 | $ 48.36 | $ 49.57 | $ 50.81 | $ 52.08 | $ 52.99 | $ 53.92 | $ 54.86 | $ 55.82 | $ 56.80 | $ 57.79 | $ 58.80 |
| | Police Chief | | | | | | | | | | | | | | | | | | |
| 19 | Town Manager | $ 44.76 | $ 45.88 | $ 47.03 | $ 48.21 | $ 49.42 | $ 50.66 | $ 51.93 | $ 53.23 | $ 54.56 | $ 55.92 | $ 57.32 | $ 58.32 | $ 59.34 | $ 60.38 | $ 61.44 | $ 62.52 | $ 63.61 | $ 64.72 |

**New Hampshire**
*Department of*
*Revenue Administration*

**2022**
**MS-232**

COPY

## Report of Appropriations Actually Voted

# Sunapee

For the period beginning January 1, 2022 and ending December 31, 2022

Form Due Date: **20 Days after the Annual Meeting**

### GOVERNING BODY CERTIFICATION

This is to certify that the information contained in this form, appropriations actually voted by the town/city meeting, was taken from official records and is complete to the best of our knowledge and belief. Under penalties of perjury, I declare that I have examined the information contained in this form and to the best of my belief it is true, correct and complete.

| Name | Position | Signature |
|---|---|---|
| | | |
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This form must be signed, scanned, and uploaded to the Municipal Tax Rate Setting Portal:
**https://www.proptax.org/**

**For assistance please contact:**
NH DRA Municipal and Property Division
(603) 230-5090
http://www.revenue.nh.gov/mun-prop/

New Hampshire
Department of
Revenue Administration

**2022**
**MS-232**

## Appropriations

| Account | Purpose | Article | Appropriations As Voted |
|---|---|---|---|
| **General Government** | | | |
| 4130-4139 | Executive | 06 | $325,455 |
| 4140-4149 | Election, Registration, and Vital Statistics | 06 | $280,570 |
| 4150-4151 | Financial Administration | 06 | $357,040 |
| 4152 | Revaluation of Property | 06 | $101,301 |
| 4153 | Legal Expense | 06 | $18,000 |
| 4155-4159 | Personnel Administration | 06 | $1,000 |
| 4191-4193 | Planning and Zoning | 06 | $290,399 |
| 4194 | General Government Buildings | 06 | $313,904 |
| 4195 | Cemeteries | 06 | $14,392 |
| 4196 | Insurance | 06 | $8,068 |
| 4197 | Advertising and Regional Association | 06 | $13,890 |
| 4199 | Other General Government | 06 | $31,968 |
| | **General Government Subtotal** | | **$1,755,987** |
| **Public Safety** | | | |
| 4210-4214 | Police | 06 | $977,826 |
| 4215-4219 | Ambulance | 06 | $64,980 |
| 4220-4229 | Fire | 06 | $373,949 |
| 4240-4249 | Building Inspection | | $0 |
| 4290-4298 | Emergency Management | 06 | $500 |
| 4299 | Other (Including Communications) | 06 | $147,100 |
| | **Public Safety Subtotal** | | **$1,564,355** |
| **Airport/Aviation Center** | | | |
| 4301-4309 | Airport Operations | | $0 |
| | **Airport/Aviation Center Subtotal** | | **$0** |
| **Highways and Streets** | | | |
| 4311 | Administration | | $0 |
| 4312 | Highways and Streets | 06 | $1,948,883 |
| 4313 | Bridges | | $0 |
| 4316 | Street Lighting | 06 | $15,000 |
| 4319 | Other | | $0 |
| | **Highways and Streets Subtotal** | | **$1,963,883** |
| **Sanitation** | | | |
| 4321 | Administration | | $0 |
| 4323 | Solid Waste Collection | | $0 |
| 4324 | Solid Waste Disposal | 06 | $640,288 |
| 4325 | Solid Waste Cleanup | | $0 |
| 4326-4328 | Sewage Collection and Disposal | | $0 |
| 4329 | Other Sanitation | | $0 |
| | **Sanitation Subtotal** | | **$640,288** |

## Appropriations

| Account | Purpose | Article | Appropriations As Voted |
|---|---|---|---|
| **Water Distribution and Treatment** | | | |
| 4331 | Administration | | $0 |
| 4332 | Water Services | | $0 |
| 4335 | Water Treatment | | $0 |
| 4338-4339 | Water Conservation and Other | | $0 |
| | **Water Distribution and Treatment Subtotal** | | **$0** |
| **Electric** | | | |
| 4351-4352 | Administration and Generation | | $0 |
| 4353 | Purchase Costs | | $0 |
| 4354 | Electric Equipment Maintenance | | $0 |
| 4359 | Other Electric Costs | | $0 |
| | **Electric Subtotal** | | **$0** |
| **Health** | | | |
| 4411 | Administration | 06 | $462 |
| 4414 | Pest Control | 06 | $500 |
| 4415-4419 | Health Agencies, Hospitals, and Other | 06 | $15,176 |
| | **Health Subtotal** | | **$16,138** |
| **Welfare** | | | |
| 4441-4442 | Administration and Direct Assistance | 06 | $43,149 |
| 4444 | Intergovernmental Welfare Payments | | $0 |
| 4445-4449 | Vendor Payments and Other | | $0 |
| | **Welfare Subtotal** | | **$43,149** |
| **Culture and Recreation** | | | |
| 4520-4529 | Parks and Recreation | 06 | $199,554 |
| 4550-4559 | Library | 06 | $470,814 |
| 4583 | Patriotic Purposes | 06 | $300 |
| 4589 | Other Culture and Recreation | 06,17,19 | $51,750 |
| | **Culture and Recreation Subtotal** | | **$722,418** |
| **Conservation and Development** | | | |
| 4611-4612 | Administration and Purchasing of Natural Resources | 06 | $4,500 |
| 4619 | Other Conservation | | $0 |
| 4631-4632 | Redevelopment and Housing | | $0 |
| 4651-4659 | Economic Development | | $0 |
| | **Conservation and Development Subtotal** | | **$4,500** |

## Appropriations

| Account | Purpose | Article | Appropriations As Voted |
|---|---|---|---|
| **Debt Service** | | | |
| 4711 | Long Term Bonds and Notes - Principal | 06 | $135,328 |
| 4721 | Long Term Bonds and Notes - Interest | 06 | $38,594 |
| 4723 | Tax Anticipation Notes - Interest | 06 | $1,000 |
| 4790-4799 | Other Debt Service | | $0 |
| | **Debt Service Subtotal** | | **$174,922** |
| **Capital Outlay** | | | |
| 4901 | Land | | $0 |
| 4902 | Machinery, Vehicles, and Equipment | 18 | $195,000 |
| 4903 | Buildings | | $0 |
| 4909 | Improvements Other than Buildings | | $0 |
| | **Capital Outlay Subtotal** | | **$195,000** |
| **Operating Transfers Out** | | | |
| 4912 | To Special Revenue Fund | | $0 |
| 4913 | To Capital Projects Fund | | $0 |
| 4914A | To Proprietary Fund - Airport | | $0 |
| 4914E | To Proprietary Fund - Electric | 06 | $225,307 |
| 4914O | To Proprietary Fund - Other | | $0 |
| 4914S | To Proprietary Fund - Sewer | 06 | $1,279,643 |
| 4914W | To Proprietary Fund - Water | 06 | $587,885 |
| 4915 | To Capital Reserve Fund | 07,08,09,10,11,12,13 | $440,000 |
| 4916 | To Expendable Trusts/Fiduciary Funds | 15,16 | $8,250 |
| 4917 | To Health Maintenance Trust Funds | | $0 |
| 4918 | To Non-Expendable Trust Funds | | $0 |
| 4919 | To Fiduciary Funds | 14 | $40,000 |
| | **Operating Transfers Out Subtotal** | | **$2,581,085** |
| | **Total Voted Appropriations** | | **$9,661,725** |

## *Non-Attest Services Draft Approval*

By my signature below I acknowledge receipt of the following information for the **Town of Sunapee** for the fiscal year ended **December 31, 2020**:

- Draft of the audited financial statements and related footnote disclosures.
- Trial balances including government-wide and adjusting journal entries for all funds trial balances and other conversion trial balances.
- Copies of our workpapers prepared for reporting purposes of the liabilities, deferred outflows and inflows of resources related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which were prepared using the actuarial reports from the Town's contracted actuary and New Hampshire Retirement System actuary.
- Completion of the State of New Hampshire's Form MS-535 which was prepared using the audited trial balance of the general fund.

I have received the above information, have reviewed it, and understand the information presented and accept and take responsibility for the information therein.

Signature: ______________________________

Printed Name: ________________

Title: ___________________

Date: ___________________________________

**TOWN OF SUNAPEE,**
**NEW HAMPSHIRE**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED**
**DECEMBER 31, 2020**

## *TOWN OF SUNAPEE, NEW HAMPSHIRE*

## *ANNUAL FINANCIAL REPORT*

## *AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020*

## *TABLE OF CONTENTS*

**PAGES**


| | | |
|---|---|---|
| | *INDEPENDENT AUDITOR'S REPORT* | 1 - 3 |
| | ***BASIC FINANCIAL STATEMENTS*** | |
| | **Government-wide Financial Statements** | |
| A | Statement of Net Position | 4 |
| B | Statement of Activities | 5 |
| | **Fund Financial Statements** | |
| | *Governmental Funds* | |
| C-1 | Balance Sheet | 6 |
| C-2 | Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position | 7 |
| C-3 | Statement of Revenues, Expenditures, and Changes in Fund Balances | 8 |
| C-4 | Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 9 |
| | *Budgetary Comparison Information* | |
| D | Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund | 10 |
| | *Proprietary Funds* | |
| E-1 | Statement of Net Position | 11 |
| E-2 | Statement of Revenues, Expenses, and Changes in Net Position | 12 |
| E-3 | Statement of Cash Flows | 13 |
| | *Fiduciary Funds* | |
| F-1 | Statement of Fiduciary Net Position | 14 |
| F-2 | Statement of Changes in Fiduciary Net Position | 15 |
| | *NOTES TO THE BASIC FINANCIAL STATEMENTS* | 16 - 40 |
| | ***REQUIRED SUPPLEMENTARY INFORMATION*** | |
| G | Schedule of the Town's Proportionate Share of Net Pension Liability | 41 |
| H | Schedule of Town Contributions – Pensions | 42 |
| | *NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY* | 43 |
| I | Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability | 44 |
| J | Schedule of Town Contributions – Other Postemployment Benefits | 45 |
| | *NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY* | 46 |

*TOWN OF SUNAPEE, NEW HAMPSHIRE*

*ANNUAL FINANCIAL REPORT*

*AS OF AND FOR THE FISCAL YEAR ENDED*
*DECEMBER 31, 2020*

## *TABLE OF CONTENTS*


| | | PAGES |
|---|---|---|
| | ***COMBINING AND INDIVIDUAL FUND SCHEDULES*** | |
| | **Governmental Funds** | |
| | *Major General Fund* | |
| 1 | Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) | 47 |
| 2 | Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis) | 48 - 49 |
| 3 | Schedule of Changes in Unassigned Fund Balance | 50 |
| | *Nonmajor Governmental Funds* | |
| 4 | Combining Balance Sheet | 51 |
| 5 | Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances | 52 |
| | *Custodial Funds* | |
| 6 | Combining Schedule of Fiduciary Net Position | 53 |
| 7 | Combining Schedule of Changes in Fiduciary Net Position | 54 |
| | ***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*** | 55 - 59 |

**PLODZIK & SANDERSON**

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380

## *INDEPENDENT AUDITOR'S REPORT*

To the Members of the Board of Selectmen and Town Manager
Town of Sunapee
Sunapee, New Hampshire

We have audited the accompanying financial statements of the governmental activities, business-type activities, major governmental and proprietary funds, and aggregate remaining fund information of the Town of Sunapee as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

**Summary of Opinions**

| Opinion Unit | Type of Opinion |
|---|---|
| Governmental Activities | Adverse |
| Business-type Activities | Adverse |
| Water Enterprise Fund | Adverse |
| Sewer Enterprise Fund | Adverse |
| Hydroelectric Enterprise Fund | Adverse |
| General Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

### *Basis for Adverse Opinion on Governmental Activities, Business-type Activities and Proprietary Funds*

As discussed in Note 1-B to the financial statements, management has not recorded the capital assets and related accumulated depreciation in the governmental activities, business-type activities, and proprietary funds, and accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the Unites States of America require that capital assets, be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and proprietary funds. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and proprietary funds is not reasonably determinable.

As discussed in Note 13-B to the financial statements, management has not recorded the long-term costs of retirement health care costs and obligations for other postemployment benefits for the single employer plan in the governmental activities, business-type activities and proprietary funds. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities, decrease the net position and increase the expenses of the governmental activities, business-type activities and proprietary funds. The amount by which this departure would affect the liabilities, net position, and expenses on the governmental activities is not readily determinable.

### *Adverse Opinion*

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion on Governmental Activities, Business-type Activities and Proprietary Funds" paragraphs, the financial statements referred to above do not present fairly the financial position of the government-wide and proprietary funds financial statements of the Town of Sunapee, as of December 31, 2020, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major general fund and aggregate remaining fund information of the Town of Sunapee as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

**Management's Discussion and Analysis** – Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

**Required Supplementary Information** - Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Schedule of the Town's Proportionate Share of Net Pension Liability,
- Schedule of Town Contributions – Pensions,
- Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability,
- Schedule of Town Contributions – Other Postemployment Benefits, and
- Notes to the Required Supplementary Information

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information** - Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunapee's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated ________, 2022, on our consideration of the Town of Sunapee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Sunapee's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Sunapee's internal control over financial reporting and compliance

, 2022

PLODZIK & SANDERSON
Professional Association

*EXHIBIT A*
*TOWN OF SUNAPEE, NEW HAMPSHIRE*
*Statement of Net Position*
*December 31, 2020*

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 3,775,494 | $ 4,065,881 | $7,841,375 |
| Taxes receivables (net) | 494,235 | - | 494,235 |
| Account receivables | 11,429 | 94,405 | 105,834 |
| Intergovernmental receivable | 407,538 | 767,179 | 1,174,717 |
| Internal balances | 513,075 | (513,075) | - |
| Tax deeded property, subject to resale | 532 | - | 532 |
| Total assets | 5,202,303 | 4,414,390 | 9,616,693 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Amounts related to pensions | 858,323 | 163,490 | 1,021,813 |
| Amounts related to other postemployment benefits | 10,048 | 1,914 | 11,962 |
| Total deferred outflows of resources | 868,371 | 165,404 | 1,033,775 |
| **LIABILITIES** | | | |
| Accounts payable | 27,121 | 12,094 | 39,215 |
| Accrued salaries and benefits | 144,418 | - | 144,418 |
| Accrued interest payable | 16,960 | 49,986 | 66,946 |
| Intergovernmental payable | 110,532 | - | 110,532 |
| Other | 35,159 | - | 35,159 |
| Long-term liabilities: | | | |
| Due within one year | 320,729 | 180,893 | 501,622 |
| Due in more than one year | 5,295,368 | 3,071,346 | 8,366,714 |
| Total liabilities | 5,950,287 | 3,314,319 | 9,264,606 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - property taxes | 60,386 | - | 60,386 |
| Unavailable revenue - fees received in advance | - | 12,503 | 12,503 |
| Amounts related to pensions | 100,138 | 19,074 | 119,212 |
| Amounts related to other postemployment benefits | 2,006 | 382 | 2,388 |
| Total deferred inflows of resources | 162,530 | 31,959 | 194,489 |
| **NET POSITION** | | | |
| Net investment in capital assets | (1,779,941) | (2,571,943) | (4,351,884) |
| Restricted | 437,537 | 3,805,459 | 4,242,996 |
| Unrestricted | 1,300,261 | - | 1,300,261 |
| Total net position | $ (42,143) | $ 1,233,516 | $1,191,373 |

*EXHIBIT B*

***TOWN OF SUNAPEE, NEW HAMPSHIRE***

***Statement of Activities***

***For the Fiscal Year Ended December 31, 2020***

| | | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | |
|---|---|---|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| **Governmental activities:** | | | | | | | |
| General government | $ 1,552,381 | $ 14,516 | $ 5,315 | $ - | $ (1,532,550) | $ - | $ (1,532,550) |
| Public safety | 1,556,409 | 5,983 | 122,401 | - | (1,428,025) | - | (1,428,025) |
| Highways and streets | 2,230,848 | - | - | 122,907 | (2,107,941) | - | (2,107,941) |
| Sanitation | 779,860 | 217,617 | 9,797 | - | (552,446) | - | (552,446) |
| Health | 15,581 | - | - | - | (15,581) | - | (15,581) |
| Welfare | 21,305 | - | - | - | (21,305) | - | (21,305) |
| Culture and recreation | 551,709 | 47,240 | - | - | (504,469) | - | (504,469) |
| Conservation | 215,186 | - | - | - | (215,186) | - | (215,186) |
| Interest on long-term debt | 26,004 | - | - | - | (26,004) | - | (26,004) |
| Total governmental activities | 6,949,283 | 285,356 | 137,513 | 122,907 | (6,403,507) | - | (6,403,507) |
| **Business-type activities:** | | | | | | | |
| Water | 419,414 | 647,987 | - | - | - | 228,573 | 228,573 |
| Sewer | 1,010,483 | 1,243,572 | 584,883 | - | - | 817,972 | 817,972 |
| Hydroelectric | 78,735 | 166,529 | - | - | - | 87,794 | 87,794 |
| Total business-type activities | 1,508,632 | 2,058,088 | 584,883 | - | - | 1,134,339 | 1,134,339 |
| Total | $ 8,457,915 | $ 2,343,444 | $ 722,396 | $ 122,907 | (6,403,507) | 1,134,339 | (5,269,168) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 4,590,426 | - | 4,590,426 |
| Other | | | | | 83,694 | - | 83,694 |
| Motor vehicle permit fees | | | | | 983,475 | - | 983,475 |
| Licenses and other fees | | | | | 71,703 | - | 71,703 |
| Grants and contributions not restricted to specific programs | | | | | 211,641 | - | 211,641 |
| Unrestricted investment earnings | | | | | 63,374 | (56,069) | 7,305 |
| Miscellaneous | | | | | 69,339 | 3,684 | 73,023 |
| Total general revenues | | | | | 6,073,652 | (52,385) | 6,021,267 |
| State aid grant revenue | | | | | 147,315 | - | 147,315 |
| Transfers | | | | | 182,681 | (182,681) | - |
| Total general revenues, contributions, and transfers | | | | | 6,403,648 | (235,066) | 6,168,582 |
| Change in net position | | | | | 141 | 899,273 | 899,414 |
| Net position, beginning, as restated (see Note 18) | | | | | (42,284) | 334,243 | 291,959 |
| Net position, ending | | | | | $ (42,143) | $ 1,233,516 | $ 1,191,373 |

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT C-1*
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Governmental Funds***
***Balance Sheet***
***December 31, 2020***

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 1,416,084 | $ 451,128 | $ 1,867,212 |
| Receivables: | | | |
| Taxes | 517,090 | - | 517,090 |
| Accounts | 7,989 | 3,440 | 11,429 |
| Intergovernmental receivable | 220,572 | - | 220,572 |
| Interfund receivable | 659,529 | 256 | 659,785 |
| Tax deeded property, subject to resale | 532 | - | 532 |
| Restricted assets: | | | |
| Cash and cash equivalents | 1,908,282 | - | 1,908,282 |
| Total assets | $ 4,730,078 | $ 454,824 | $ 5,184,902 |
| **LIABILITIES** | | | |
| Accounts payable | $ 27,121 | $ - | $ 27,121 |
| Accrued salaries and benefits | 144,418 | - | 144,418 |
| Intergovernmental payable | 110,532 | - | 110,532 |
| Interfund payable | - | 146,710 | 146,710 |
| Other | 35,159 | - | 35,159 |
| Total liabilities | 317,230 | 146,710 | 463,940 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Unavailable revenue - Property taxes | 131,087 | - | 131,087 |
| **FUND BALANCES (DEFICIT)** | | | |
| Nonspendable | 532 | 70,833 | 71,365 |
| Restricted | 282,829 | 83,875 | 366,704 |
| Committed | 1,334,311 | 157,990 | 1,492,301 |
| Assigned | 31,283 | - | 31,283 |
| Unassigned (deficit) | 2,632,806 | (4,584) | 2,628,222 |
| Total fund balances | 4,281,761 | 308,114 | 4,589,875 |
| Total liabilities, deferred inflows of resources, and fund balances | $ 4,730,078 | $ 454,824 | $ 5,184,902 |

**EXHIBIT C-2**
**TOWN OF SUNAPEE, NEW HAMPSHIRE**
***Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position***
***December 31, 2020***

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Total fund balances of governmental funds (Exhibit C-1) | | $4,589,875 |
| Pension and other postemployment benefit (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows: | | |
| Deferred outflows of resources related to pensions | $ 858,323 | |
| Deferred inflows of resources related to pensions | (100,138) | |
| Deferred outflows of resources related to OPEB | 10,048 | |
| Deferred inflows of resources related to OPEB | (2,006) | |
| | | 766,227 |
| Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position. | | |
| Receivables | $ (146,710) | |
| Payables | 146,710 | |
| Other long-term assets are not available to pay for current period expenditures, and therefore, are reported as deferred inflows of resources in the governmental funds. | | 186,966 |
| Property taxes not collected within 60 days of fiscal year-end are not available to pay for currnet period expenditures, and therefore are deferred in the governmental funds. | | |
| Deferred property taxes | $ 70,701 | |
| Allowance for uncollectible taxes | (22,855) | |
| | | 47,846 |
| Interest on long-term debt is not accrued in governmental funds. | | |
| Accrued interest payable | | (16,960) |
| Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds. | | |
| Bonds | $ 1,683,545 | |
| Unamortized bond premium | 49,985 | |
| Capital lease | 46,411 | |
| Accrued landfill postclosure care costs | 264,600 | |
| Net pension liability | 3,421,459 | |
| Other postemployment benefits | 150,097 | |
| | | (5,616,097) |
| Net position of governmental activities (Exhibit A) | | $ (42,143) |

The Notes to the Basic Financial Statements are an integral part of this statement.

**_EXHIBIT C-3_**
**_TOWN OF SUNAPEE, NEW HAMPSHIRE_**
**_Governmental Funds_**
**_Statement of Revenues, Expenditures, and Changes in Fund Balances_**
**_For the Fiscal Year Ended December 31, 2020_**

| | General | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **REVENUES** | | | |
| Taxes | $4,623,497 | $ 13,347 | $4,636,844 |
| Licenses and permits | 1,055,178 | - | 1,055,178 |
| Intergovernmental | 592,327 | - | 592,327 |
| Charges for services | 114,814 | 31,415 | 146,229 |
| Miscellaneous | 150,560 | 1,014 | 151,574 |
| Total revenues | 6,536,376 | 45,776 | 6,582,152 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General government | 1,257,403 | 477 | 1,257,880 |
| Public safety | 1,402,403 | 7,749 | 1,410,152 |
| Highways and streets | 1,931,336 | - | 1,931,336 |
| Sanitation | 567,700 | - | 567,700 |
| Health | 15,581 | - | 15,581 |
| Welfare | 21,305 | - | 21,305 |
| Culture and recreation | 535,711 | 15,998 | 551,709 |
| Conservation | 8,775 | 206,411 | 215,186 |
| Debt service: | | | |
| Principal | 263,609 | - | 263,609 |
| Interest | 51,682 | - | 51,682 |
| Capital outlay | 575,321 | - | 575,321 |
| Total expenditures | 6,630,826 | 230,635 | 6,861,461 |
| Deficiency of revenues under expenditures | (94,450) | (184,859) | (279,309) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers in | 182,681 | 55,256 | 237,937 |
| Transfers out | (55,000) | (256) | (55,256) |
| Capital lease | 71,548 | - | 71,548 |
| Total other financing sources (uses) | 199,229 | 55,000 | 254,229 |
| Net change in fund balances | 104,779 | (129,859) | (25,080) |
| Fund balances, beginning, as restated (see Note 18) | 4,176,982 | 437,973 | 4,614,955 |
| Fund balances, ending | $4,281,761 | $ 308,114 | $4,589,875 |

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT C-4*
*TOWN OF SUNAPEE, NEW HAMPSHIRE*
***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities***
***For the Fiscal Year Ended December 31, 2020***

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Net change in fund balances of governmental funds (Exhibit C-3) | | $ (25,080) |
| Transfers in and out between governmental funds are eliminated on the Statement of Activities. | | |
| Transfers in | $ (55,256) | |
| Transfers out | 55,256 | |
| | | - |
| Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the governmental funds. | | |
| Change in deferred tax revenue | $ 30,761 | |
| Change in allowance for uncollectible taxes | 6,515 | |
| Long-term state aid grants awarded | 158,500 | |
| Change in long-term state aid receivables | (11,185) | |
| | | 184,591 |
| Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the | | |
| Inception of capital leases | $ (71,548) | |
| Repayment of bond principal | 263,609 | |
| Repayment of capital lease | 25,137 | |
| Amortization of bond premium | 24,993 | |
| | | 242,191 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. | | |
| Decrease in accrued interest expense | $ 685 | |
| Increase in accrued landfill postclosure care costs | (166,200) | |
| Net change in net pension liability, and deferred outflows and inflows of resources related to pensions | (248,770) | |
| Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits | 12,724 | |
| | | (401,561) |
| Changes in net position of governmental activities (Exhibit B) | | $ 141 |

***EXHIBIT D***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Statement of Revenues, Expenditures, and Changes in Fund Balance***
***Budget and Actual (Non-GAAP Budgetary Basis)***
***General Fund***
***For the Fiscal Year Ended December 31, 2020***

| | Budgeted Amounts | | | Variance |
|---|---|---|---|---|
| | Original | Final | Actual | Positive (Negative) |
| **REVENUES** | | | | |
| Taxes | $ 4,611,763 | $ 4,611,763 | $ 4,660,773 | $ 49,010 |
| Licenses and permits | 886,500 | 886,500 | 1,055,178 | 168,678 |
| Intergovernmental | 461,446 | 461,446 | 591,437 | 129,991 |
| Charges for services | 102,000 | 102,000 | 112,812 | 10,812 |
| Miscellaneous | 72,000 | 72,000 | 121,624 | 49,624 |
| Total revenues | 6,133,709 | 6,133,709 | 6,541,824 | 408,115 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 1,330,129 | 1,330,129 | 1,259,645 | 70,484 |
| Public safety | 1,335,616 | 1,335,616 | 1,334,659 | 957 |
| Highways and streets | 1,767,562 | 1,983,561 | 1,948,811 | 34,750 |
| Sanitation | 558,246 | 558,246 | 567,700 | (9,454) |
| Health | 20,999 | 20,999 | 15,581 | 5,418 |
| Welfare | 42,354 | 42,354 | 21,305 | 21,049 |
| Culture and recreation | 608,899 | 608,899 | 520,913 | 87,986 |
| Conservation | 3,775 | 3,775 | 8,775 | (5,000) |
| Debt service: | | | | |
| Principal | 263,609 | 263,609 | 263,609 | - |
| Interest | 52,520 | 52,520 | 51,682 | 838 |
| Capital outlay | 326,000 | 633,702 | 575,321 | 58,381 |
| Total expenditures | 6,309,709 | 6,833,410 | 6,568,001 | 265,409 |
| Excess (deficiency) of revenues over (under) expenditures | (176,000) | (699,701) | (26,177) | 673,524 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 310,000 | 833,701 | 833,701 | - |
| Transfers out | (450,800) | (450,800) | (450,800) | - |
| Total other financing sources (uses) | (140,800) | 382,901 | 382,901 | - |
| Net change in fund balances | $ (316,800) | $ (316,800) | 356,724 | $ 673,524 |
| Decrease in nonspendable fund balance | | | 47,053 | |
| Increase in committed fund balance | | | (55,585) | |
| Unassigned fund balance, beginning, as restated (see Note 18) | | | 2,332,460 | |
| Unassigned fund balance, ending | | | $ 2,680,652 | |

The Notes to the Basic Financial Statements are an integral part of this statement.

***EXHIBIT E-1***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Proprietary Funds***
***Statement of Net Position***
***December 31, 2020***

| | Business-type Activities | | | |
|---|---|---|---|---|
| | Enterprise Funds | | | Total Enterprise Funds |
| | Water | Sewer | Hydroelectric | |
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 869,512 | $ 2,313,521 | $ 882,848 | $ 4,065,881 |
| Receivables: | | | | |
| Accounts | 54,313 | 40,092 | - | 94,405 |
| Intergovernmental | 107,486 | 659,693 | - | 767,179 |
| Internal balances | 217 | - | - | 217 |
| Total assets | 1,031,528 | 3,013,306 | 882,848 | 4,927,682 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Amounts related to pensions | 51,091 | 112,399 | - | 163,490 |
| Amounts related to other postemployment benefits | 598 | 1,316 | - | 1,914 |
| Total deferred outflows of resources | 51,689 | 113,715 | - | 165,404 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 3,788 | 8,306 | - | 12,094 |
| Accrued interest payable | 8,324 | 41,662 | - | 49,986 |
| Internal balances | 11,737 | 44,349 | 457,206 | 513,292 |
| Long term liabilities: | | | | |
| Due within one year | 111,695 | 69,198 | - | 180,893 |
| Due in more than one year | 732,468 | 2,338,878 | - | 3,071,346 |
| Total liabilities | 868,012 | 2,502,393 | 457,206 | 3,827,611 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - received in advance | 3,103 | 9,400 | - | 12,503 |
| Amounts related to pensions | 5,961 | 13,113 | - | 19,074 |
| Amounts related to other postemployment benefits | 119 | 263 | - | 382 |
| Total deferred inflows of resources | 9,183 | 22,776 | - | 31,959 |
| **NET POSITION** | | | | |
| Net investment in capital assets | (631,571) | (1,940,372) | - | (2,571,943) |
| Restricted | 837,593 | 2,542,224 | 425,642 | 3,805,459 |
| Total net position | $ 206,022 | $ 601,852 | $ 425,642 | $ 1,233,516 |

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT E-2*
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Proprietary Funds***
***Statement of Revenues, Expenses, and Changes in Net Position***
***For the Fiscal Year Ended December 31, 2020***

| | Business-type Activities | | | |
|---|---|---|---|---|
| | Enterprise Funds | | | Total Enterprise Funds |
| | Water | Sewer | Hydroelectric | |
| Operating revenues: | | | | |
| User charges | $ 579,279 | $ 702,487 | $ 166,529 | $ 1,448,295 |
| Other sales | 62,702 | 445,108 | - | 507,810 |
| Fees and interest | 6,006 | 19,017 | - | 25,023 |
| Miscellaneous | - | 76,960 | - | 76,960 |
| Total operating revenues | 647,987 | 1,243,572 | 166,529 | 2,058,088 |
| Operating expenses: | | | | |
| Salaries and wages | 207,935 | 486,652 | 33,324 | 727,911 |
| Operation and maintenance | 134,590 | 422,238 | 37,262 | 594,090 |
| Contractual services | 49,757 | 11,242 | 1,783 | 62,782 |
| Materials and supplies | 23,132 | 80,705 | 6,366 | 110,203 |
| Other | 4,000 | 9,646 | - | 13,646 |
| Total operating expenses | 419,414 | 1,010,483 | 78,735 | 1,508,632 |
| Operating gain | 228,573 | 233,089 | 87,794 | 549,456 |
| Nonoperating revenue (expense): | | | | |
| Intergovernmental revenues | - | 584,883 | - | 584,883 |
| Interest income | 6,635 | 20,227 | 6,900 | 33,762 |
| Interest expense | (27,825) | (62,006) | - | (89,831) |
| Other | 2,892 | 792 | - | 3,684 |
| Total nonoperating revenues | (18,298) | 543,896 | 6,900 | 532,498 |
| Other financing uses: | | | | |
| Transfers out | - | - | (182,681) | (182,681) |
| Change in net position | 210,275 | 776,985 | (87,987) | 899,273 |
| Net position, beginning, as restated (see Note 18) | (4,253) | (175,133) | 513,629 | 334,243 |
| Net position, ending | $ 206,022 | $ 601,852 | $ 425,642 | $ 1,233,516 |

**EXHIBIT E-3**
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Proprietary Funds***
***Statement of Cash Flows***
***For the Fiscal Year Ended December 31, 2020***

| | Business-type Activities | | | |
|---|---|---|---|---|
| | Enterprise Funds | | | Total Enterprise Funds |
| | Water | Sewer | Hydroelectric | |
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | $635,909 | $1,306,491 | $ 166,529 | $2,108,929 |
| Payments to employees for salaries and benefits | (207,935) | (486,652) | (33,324) | (727,911) |
| Payments to suppliers | (199,277) | (580,328) | (148,133) | (927,738) |
| Net cash provided by (used for) operating activities | 228,697 | 239,511 | (14,928) | 453,280 |
| Cash flows from capital and related financing activities: | | | | |
| Intergovernmental grants | 24,887 | 50,147 | - | 75,034 |
| State revolving loan drawdowns | - | 6,956 | - | 6,956 |
| Principal paid on debt | (109,421) | (67,851) | - | (177,272) |
| Other | (2,268) | 792 | - | (1,476) |
| Interest paid | (29,501) | (63,110) | - | (92,611) |
| Net cash used for capital and related financing activities | (116,303) | (73,066) | - | (189,369) |
| Cash flows from non-capital financing activities: | | | | |
| Operating transfers out | - | - | (182,681) | (182,681) |
| Cash flows from investing activities: | | | | |
| Interest received | 6,635 | 20,227 | 6,900 | 33,762 |
| Net increase(decrease) in cash | 119,029 | 186,672 | (190,709) | 114,992 |
| Cash, beginning | 750,483 | 2,126,849 | 1,073,557 | 3,950,889 |
| Cash, ending | $869,512 | $2,313,521 | $ 882,848 | $4,065,881 |

***Reconciliation of Operating Gain to Net Cash Provided (Used) by Operating Activities***

| | Water | Sewer | Hydroelectric | Total Enterprise Funds |
|---|---|---|---|---|
| Operating gain | $228,573 | $ 233,089 | $ 87,794 | $ 549,456 |
| Adjustments to reconcile operating gain to net cash provided (used) by operating activities: | | | | |
| (Increase)/Decrease in other receivables | (12,078) | 8,451 | - | (3,627) |
| Decrease in intergovernmental receivables | - | 19,096 | - | 19,096 |
| Increase/(Decrease) in internal balances | 6,721 | (2,231) | (102,722) | (98,232) |
| Decrease in accounts payable | (2,729) | (54,266) | - | (56,995) |
| Increase in deferred inflows of resources | 8,210 | 35,372 | - | 43,582 |
| Total adjustments | 124 | 6,422 | (102,722) | (96,176) |
| Net cash provided by (used for) operating activities | $228,697 | $ 239,511 | $ (14,928) | $ 453,280 |

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT F-1*
*TOWN OF SUNAPEE, NEW HAMPSHIRE*
*Fiduciary Funds*
*Statement of Fiduciary Net Position*
*December 31, 2020*

| | Private Purpose Trust Funds | All Custodial Funds |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 135,406 | $ 6,266,962 |
| Intergovernmental receivable | - | 180,000 |
| Total assets | 135,406 | 6,446,962 |
| **LIABILITIES** | | |
| Intergovernmental payables: | | |
| School | - | 5,628,505 |
| Other | 4,250 | - |
| Escrow payable | - | 80,000 |
| Total liabilities | 4,250 | 5,708,505 |
| **NET POSITION** | | |
| Restricted | $ 131,156 | $ 738,457 |

The Notes to the Basic Financial Statements are an integral part of this statement.

*EXHIBIT F-2*
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Fiduciary Funds***
***Statement of Changes in Fiduciary Net Position***
***For the Fiscal Year Ended December 31, 2020***

| | Private Purpose Trust Funds | All Custodial Funds |
|---|---|---|
| **ADDITIONS** | | |
| Contributions | $ - | $ 101,600 |
| Investment earnings | 680 | 4,598 |
| Tax collections for other governments | - | 15,388,978 |
| Other | - | 1,544 |
| Total additions | 680 | 15,496,720 |
| **DEDUCTIONS** | | |
| Benefits paid | 4,255 | - |
| Administrative expenses | - | 361,383 |
| Payments of taxes to other governments | - | 15,388,978 |
| Payments for escrow purposes | - | 6,505 |
| Total deductions | 4,255 | 15,756,866 |
| Change in net position | (3,575) | (260,146) |
| Net position, beginning, as restated (see Note 18) | 134,731 | 998,603 |
| Net position, ending | $ 131,156 | $ 738,457 |

*TOWN OF SUNAPEE, NEW HAMPSHIRE*

*NOTES TO THE BASIC FINANCIAL STATEMENTS*

*AS OF AND FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020*


| | NOTE |
|---|---|
| **Summary of Significant Accounting Policies** | 1 |
| Reporting Entity | 1-A |
| Basis of Accounting and Measurement Focus | 1-B |
| Cash and Cash Equivalents | 1-C |
| Restricted Assets | 1-D |
| Statement of Cash Flows | 1-E |
| Receivables | 1-F |
| Interfund Activities | 1-G |
| Property Taxes | 1-H |
| Accounts Payable | 1-I |
| Deferred Outflows/Inflows of Resources | 1-J |
| Long-term Obligations | 1-K |
| Compensated Absences | 1-L |
| Defined Benefit Pension Plan | 1-M |
| Postemployment Benefits Other Than Pensions | 1-N |
| Net Position/Fund Balances | 1-O |
| Use of Estimates | 1-P |
| **Stewardship, Compliance, and Accountability** | 2 |
| Budgetary Information | 2-A |
| Budgetary Reconciliation to GAAP Basis | 2-B |
| Deficit Fund Balance | 2-C |


## *DETAILED NOTES ON ALL FUNDS*


| | |
|---|---|
| **Cash and Cash Equivalents** | 3 |
| **Restricted Assets** | 4 |
| **Taxes Receivable** | 5 |
| **Other Receivables** | 6 |
| **Interfund Balances and Transfers** | 7 |
| **Intergovernmental Payables** | 8 |
| **Deferred Outflows/Inflows of Resources** | 9 |
| **Capital Lease Obligation** | 10 |
| **Long-term Liabilities** | 11 |
| **Defined Benefit Pension Plan** | 12 |
| **Postemployment Benefits Other Than Pensions** | 13 |
| New Hampshire Retirement System (NHRS) | 13-A |
| Town of Sunapee Retiree Health Benefit Program | 13-B |
| **Encumbrances** | 14 |
| **State Aid to Water Pollution Projects** | 15 |
| **Governmental Activities Fiduciary Funds Net Position** | 16 |
| **Governmental Fund Balances** | 17 |
| **Prior Period Adjustments** | 18 |
| **Risk Management** | 19 |
| **Contingent Liabilities** | 20 |

**COVID-19** .......... 21
**Tax Abatements** .......... 22
**Subsequent Events** .......... 23

## *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The financial statements of the Town of Sunapee, New Hampshire (the Town), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The more significant of the Town's accounting policies are described below.

### *1-A Reporting Entity*

The Town of Sunapee is a municipal corporation governed by an elected 5-member Board of Selectmen and Town Manager. In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by the GASB. The Town has no component units to include in its reporting entity.

### *1-B Basis of Accounting and Measurement Focus*

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

***Government-wide Financial Statements*** – The Town's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position, with the exception of the capital assets and related accumulated depreciation, which have been omitted because they have not been inventoried at historical cost. In addition, long-term costs of retirement healthcare and obligations for other postemployment benefits of the Town's single employer plan have also been omitted because the liability and expense have not been determined. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. As in the Statement of Net Position the Town has not recorded depreciation expense nor other postemployment benefit expense of the Town's single employer plan in this statement. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated, except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

***Governmental Fund Financial Statements*** – Include a balance sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying statement is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The Town has presented all major funds that met those qualifications.

Governmental fund financial statements are reported using the *current financial resources* measurement focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. Property taxes, licenses and permits, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

**General Fund** – is the Town's primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include property taxes, State grants and motor vehicle permit fees. The primary expenditures are for general government, public safety, highways and streets, sanitation, culture and recreation, debt service and capital outlay. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* guidance the library, bandstand, drug forfeiture, and expendable trust funds are consolidated in the general fund.

Additionally, the Town reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Permanent Fund** – are held in the custody of the Trustees of Trust Funds and are used to account for resources held in trust for use by the Town. These can include legal trusts for which the interest on the corpus provides funds for the Town's cemetery operations.

All the governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements. The Town reports eight nonmajor governmental funds.

***Proprietary Fund Financial Statements*** – Include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for each of the major proprietary funds.

Proprietary funds are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary funds:

**Water Fund** – accounts for the activities related to the operation of the water treatment plant, wells, and water system.

**Sewer Fund** – accounts for the activities related to the operation of the sewer treatment plant, pumping station, and sewer lines.

**Hydroelectric Fund** – accounts for the operation of the Town's hydroelectric plant.

***Fiduciary Fund Financial Statements*** – Include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The Town's fiduciary funds are custodial in nature, and are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

The Town reports the following fiduciary funds:

**Private Purpose Trust Fund** – are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations, or other governments.

**Custodial Fund** – are custodial in nature and do not belong to the primary government. A custodial fund is used to account for assets held on behalf of outside parties, including other governments.

### *1-C Cash and Cash Equivalents*

The Town considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits, and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and cash equivalents."

The Treasurer is required to deposit such moneys in solvent banks in state or the Public Deposit Investment Pool pursuant to New Hampshire RSA 383:22. Funds may be deposited in banks outside of the state if such banks pledge and deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations or obligations to the State of New Hampshire in value at least equal to the amount of the deposit in each case.

### *1-D Restricted Assets*

Certain Town assets are classified as restricted assets because their use is restricted by statutory limitation, and/or they are earmarked for a specific purposes.

### *1-E Statement of Cash Flows*

For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

### *1-F Receivables*

Receivables recorded in the financial statements represent amounts due to the Town at December 31. They are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. They consist primarily of taxes, billing for charges, and other user fees.

### *1-G Interfund Activities*

Interfund activities are reported as follows:

***Interfund Receivables and Payables*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as "internal balances." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

***Interfund Transfers*** – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

### *1-H Property Taxes*

Property tax billings occur semi-annually and are based on the assessed inventory values as of April 1 of each year in accordance with RSA 76:15-a, *Semi-Annual Collection of Taxes in certain Towns and Cities*. Warrants for the year were issued on May 18, 2020 and November 2, 2020, and due on July 2, 2020 and December 7, 2020. Interest accrues at a rate of 8% on bills outstanding after the due date and 14% on tax liens outstanding. The Town placed a lien on all outstanding taxes from 2019 on April 9, 2020.

In connection with the setting of the tax rate, Town officials with the approval of the Department of Revenue Administration, establish and raise through taxation an amount for tax abatement and refunds, known as overlay. This amount is reported as a reduction in tax revenue and is adjusted by management for any reserve for uncollectable at year-end. The property taxes collected by the Town include taxes levied for the State of New Hampshire, Sunapee School District, and Sullivan County, which are remitted to these entities as required by law.

The Town net assessed valuation as of April 1, 2020 utilized in the setting of the tax rate was as follows:

| | |
|---|---|
| For the New Hampshire education tax | $ 1,432,157,588 |
| For all other taxes | $ 1,451,938,388 |

The tax rates and amounts assessed for the year ended December 31, 2020 were as follows:

| | Per $1,000 of Assessed Valuation | Property Taxes Assessed |
|---|---|---|
| Municipal portion | $3.21 | $ 4,668,463 |
| School portion: | | |
| State of New Hampshire | $1.89 | 2,703,824 |
| Local | $6.10 | 8,856,533 |
| County portion | $2.64 | 3,828,621 |
| Total | $13.84 | $20,057,441 |

### *1-I Accounts Payable*

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of December 31, 2020.

### *1-J Deferred Outflows/Inflows of Resources*

*Deferred outflows of resources,* a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the Town after the measurement date but before the end of the Town's reporting period.

*Deferred inflows of resources,* a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

### *1-K Long-term Obligations*

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities, or proprietary fund Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the bond premium.

### *1-L Compensated Absences*

The Town's policy allows certain employees to earn varying amounts of vacation time based on the employee's length of employment. Upon separation from service, employees are paid in full for any accrued leave earned as set forth by the Town's personnel policy. The liability for such leave is reported as incurred in the governmental funds financial statements at year-end. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

### *1-M Defined Benefit Pension Plan*

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* and GASB Statement No. 82 *Pension Issues – an amendment of GASB Statement No. 67, No. 68 and No.73* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

### *1-N Postemployment Benefits Other Than Pensions*

The Town maintains two separate other postemployment benefit plans (OPEB), as follows:

***New Hampshire Retirement System Plan*** – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***Single Employer Plan*** – The Town maintains a single employer plan but has not obtained an actuarial report calculating the other postemployment benefit liability, deferred outflows of resources, and deferred inflows of resources in accordance with Government Accounting Standards Board Statement No. 75.

### *1-O Net Position/Fund Balances*

***Government-wide Statements*** – Equity is classified as net position and displayed in three components:

> **Net investment in capital assets** – Consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Because the Town has not reported its capital assets, this amount is a negative balance.

**Restricted net position** – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The Town typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a further project.

**Unrestricted net position** – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

*Fund Balance Classifications* – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances are more transparent. The following classifications describe the relative strength of the spending constraints:

**Nonspendable** – Amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items, inventory or tax deeded property subject to resale); or (b) are legally or contractually required to be maintained intact.

**Restricted** – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (Town Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Selectmen and Town Manager through the budgetary process.

**Unassigned** – Amounts that are available for any purpose. Positive amounts are reported only in the general fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

When multiple net position/fund balance classifications are available for use, it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 5-17% of the total appropriations of the community (this is calculated by adding the municipalities appropriations, the statewide enhanced education amount, the local school net tax commitment and the county appropriation).

### *1-P Use of Estimates*

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. These estimates include assessing the collectability of accounts, taxes receivables, and the net pension liability, other postemployment benefit liability, deferred outflows and inflows of resources related to both pension and other postemployment benefits, and accrued landfill postclosure care costs, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

## *NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY*

### *2-A Budgetary Information*

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the Town's operations. At its annual meeting, the Town adopts a budget for the current year for the general as well as the major water, sewer and hydroelectric enterprise funds. Except as reconciled below, the budget was adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. For the fiscal year 2020, $300,000 of the beginning general fund unassigned fund balance was applied for this purpose and $16,800 was voted from unassigned fund balance as a transfer to the capital reserve funds.

### *2-B Budgetary Reconciliation to GAAP Basis*

While the Town reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for each major governmental fund which had a budget. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

| | |
|---|---|
| Revenues and other financing sources: | |
| Per Exhibit D-1 (budgetary basis) | $7,375,525 |
| Adjustment: | |
| Basis differences: | |
| Inception of capital lease | 71,548 |
| GASB Statement No. 54: | |
| To record miscellaneous income of the blended funds | 31,828 |
| To eliminate transfers between the blended expendable trust funds and the general fund | (651,020) |
| Change in deferred tax revenue relating to 60-day revenue recognition | (37,276) |
| Per Exhibit C-3 (GAAP basis) | $6,790,605 |
| Expenditures and other financing uses: | |
| Per Exhibit D-1 (budgetary basis) | $7,018,801 |
| Adjustment: | |
| Basis differences: | |
| Inception of capital lease | 71,548 |
| Encumbrances, beginning | 5,762 |
| Encumbrances, ending | (31,283) |
| GASB Statement No. 54: | |
| To record expenditures of the blended funds during the year | 16,798 |
| To eliminate transfers between expendable trust and blended general funds | (395,800) |
| Per Exhibit C-3 (GAAP basis) | $6,685,826 |

### *2-C Deficit Fund Balances*

The public safety services special revenue fund had a deficit fund balance of $4,584 at December 31, 2020. This deficit will be financed through future revenues of the fund.

## *DETAILED NOTES ON ALL FUNDS*

### *NOTE 3 – CASH AND CASH EQUIVALENTS*

The Town's deposits are entirely covered by federal depository insurance (FDIC) or by collateral held by the Town's agent in the Town's name. The FDIC currently insures the first $250,000 of the Town's deposits at each financial institution, per case custodian. Deposit balances over $250,000 are insured by the collateral. As of year-end, the carrying amount of the Town's deposits was $14,243,743 and the bank balances totaled $14,486,454. Petty cash totaled $4,199.

Cash and cash equivalents reconciliation:

| | |
|---|---|
| Cash per Statement of Net Position (Exhibit A) | $ 7,841,375 |
| Cash per Statement of Fiduciary Net Position (Exhibit F-1) | 6,402,368 |
| Total cash and cash equivalents | $ 14,243,743 |

**Custodial Credit Risk** – The Town's repurchase agreements are all with banking institutions; therefore, are subject to custodial credit risk. The custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be recovered.

**Interest Rate Risk** – The term repurchase agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the Town's investments.

### *NOTE 4 – RESTRICTED ASSETS*

Cash and/or investments are classified as restricted for the following purposes:

| | |
|---|---|
| Cash and cash equivalents: | |
| General fund: | |
| Drug forfeiture | $ 8,619 |
| Library | 277,480 |
| Capital reserve funds | 1,622,183 |
| Total restricted assets | $ 1,908,282 |

### *NOTE 5 – TAXES RECEIVABLE*

Taxes receivable represent the amount of current and prior year taxes which have not been collected as of December 31, 2020 The amount has been reduced by an allowance for an estimated uncollectible amount of $22,855. Taxes receivable by year are as follows:

| | As reported on: | |
|---|---|---|
| | Exhibit A | Exhibit C-1 |
| Property: | | |
| Levy of 2020 | $ 420,125 | $ 420,125 |
| Unredeemed (under tax lien): | | |
| Levy of 2019 | 53,177 | 53,177 |
| Levy of 2018 | 31,693 | 31,693 |
| Levies of 2017 and prior | 12,095 | 12,095 |
| Less: allowance for estimated uncollectible taxes | (22,855) * | - |
| Net taxes receivable | $ 494,235 | $ 517,090 |

*The allowance for uncollectible property taxes is not recognized under the modified accrual basis of accounting (Exhibit C-1 and C-3) due to the 60-day rule as explained in Note 1-B. However, the allowance is recognized under the full accrual basis of accounting (Exhibits A and B).

## *NOTE 6 – OTHER RECEIVABLES*

Receivables at December 31, 2020, consisted of accounts (billings for police details, water, sewer, and other user charges) and intergovernmental amounts arising from grants. Receivables are recorded on the Town's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

## *NOTE 7 – INTERFUND BALANCES AND TRANSFERS*

***Interfund Balances*** - The composition of interfund balances as of December 31, 2020 is as follows:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Nonmajor | $ 146,454 |
| | Sewer enterprise | 44,132 |
| | Water enterprise | 11,737 |
| | Hydroelectric enterprise | 457,206 |
| Nonmajor | Nonmajor | 256 |
| | | $ 659,785 |

The outstanding balances among funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

***Interfund Transfers*** - The composition of interfund transfers for the year ended December 31, 2020 is as follows:

| | Transfers In: | | |
|---|---|---|---|
| | General Fund | Nonmajor Funds | Total |
| Transfers out: | | | |
| General fund | $ - | $ 55,000 | $ 55,000 |
| Hydroelectric fund | 182,681 | - | 182,681 |
| Nonmajor funds | - | 256 | 256 |
| Total | $ 182,681 | $ 55,256 | $ 237,937 |

During the year, transfers are used to (1) move revenues from the fund with collection authority to the fund responsible for expenditure and (2) move general fund resources to provide an annual subsidy.

## *NOTE 8 – INTERGOVERNMENTAL PAYABLES*

Amounts due to other governments of at December 31, 2020 consist of the following:

| | General Fund | Fidciary Funds |
|---|---|---|
| Miscellaneous fees due to the State of New Hampshire | $ 5,156 | $ - |
| Balance due to the Town of Newbury | 22,679 | - |
| Balance due to the Town of New London | 2,697 | - |
| Balance due to the land disturbance custodial fund | 80,000 | - |
| Taxes due to the Sunapee School District | - | 5,628,505 |
| Total intergovernmental payables due | $ 110,532 | $ 5,628,505 |

## *NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES*

Deferred outflows of resources are as follows:

| | Governmental Activities | Business-type activities Water | Sewer | Total |
|---|---|---|---|---|
| Amounts related to pensions, see Note 12 | $ 858,323 | $ 51,091 | $ 112,399 | $ 163,490 |
| Amounts related to OPEB, see Note 13 | 10,048 | 598 | 1,316 | 1,914 |
| Total deferred outflows of resources | $ 868,371 | $ 51,689 | $ 113,715 | $ 165,404 |

Deferred inflows of resources are as follows:

| | Government-wide | General Fund | Business-type activities Water | Sewer | Total |
|---|---|---|---|---|---|
| Deferred property taxes not collected within 60 days of fiscal year-end | $ - | $ 70,701 | $ - | $ - | $ - |
| Property taxes collected in advance of warrants being issued | 60,386 | 60,386 | - | - | - |
| Water and sewer fees collected in advance of warrants being issued | - | - | 3,103 | 9,400 | 12,503 |
| Amounts related to pensions, see Note 12 | 100,138 | - | 5,961 | 13,113 | 19,074 |
| Amounts related to OPEB, see Note 13 | 2,006 | - | 119 | 263 | 382 |
| Total deferred inflows of resources | $ 162,530 | $ 131,087 | $ 9,183 | $ 22,776 | $ 31,959 |

## *NOTE 10 – CAPITAL LEASE OBLIGATION*

The Town has entered into a certain capital lease agreement under which the related equipment will become the property of the Town when all the terms of the lease agreement is met.

| | Standard Interest Rate | Present Value of Remaining Payments as of December 31, 2020 |
|---|---|---|
| Capital lease obligation: | | |
| Chevy Tahoe | 5.40% | $ 46,411 |

The annual requirements to amortize the capital lease payable as of December 31, 2020, including interest payments, are as follows:

| Fiscal Year Ending December 31, | Governmental Activities |
|---|---|
| 2021 | $ 25,137 |
| 2022 | 25,137 |
| Total requirements | 50,274 |
| Less: interest | 3,863 |
| Present value of remaining payments | $ 46,411 |

Amortization of lease equipment under capital assets is included with depreciation expense.

### *NOTE 11 – LONG-TERM LIABILITIES*

Changes in the Town's long-term liabilities consisted of the following for the year ended December 31, 2020:

| | Balance January 1, 2020 (As restated) | Additions | Reductions | Balance December 31, 2020 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | $ 1,947,154 | $ - | $ (263,609) | $ 1,683,545 | $ 264,332 |
| Premium | 74,978 | - | (24,993) | 49,985 | 24,993 |
| Total bonds payable | 2,022,132 | - | (288,602) | 1,733,530 | 289,325 |
| Capital lease | - | 71,548 | (25,137) | 46,411 | 22,584 |
| Accrued landfill postclosure care costs | 98,400 | 166,200 | - | 264,600 | 8,820 |
| Net pension liability | 2,513,140 | 908,319 | - | 3,421,459 | - |
| Net other postemployment benefits | 162,958 | - | (12,861) | 150,097 | - |
| Total long-term liabilities | $ 4,796,630 | $ 1,146,067 | $ (326,600) | $ 5,616,097 | $ 320,729 |
| **Business-type activities:** | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | $ 2,742,259 | $ 6,956 | $ (177,272) | $ 2,571,943 | $ 180,893 |
| Net pension liability | 478,694 | 173,012 | - | 651,706 | - |
| Net other postemployment benefits | 31,040 | - | (2,450) | 28,590 | - |
| Total long-term liabilities | $ 3,251,993 | $ 179,968 | $ (179,722) | $ 3,252,239 | $ 180,893 |

Long-term bonds are comprised of the following:

**Governmental activities:**

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at December 31, 2020 | Current Portion |
|---|---|---|---|---|---|---|
| General obligation bonds payable: | | | | | | |
| Abbott Library | $ 975,000 | 2014 | 2034 | 2.76% | $ 682,500 | $ 48,750 |
| Public safety building | $ 2,423,842 | 2005 | 2022 | 3.97% | 199,635 | 164,925 |
| Perkins pond | $ 1,585,000 | 2015 | 2042 | 2.50% | 645,740 | 29,352 |
| Water filtration | $ 1,248,260 | 2012 | 2027 | 5.00% | 155,670 | 21,305 |
| | | | | | 1,683,545 | 264,332 |
| Bond premium | | | | | 49,985 | 24,993 |
| Total | | | | | $ 1,733,530 | $ 289,325 |

**Business-type activities:**

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at December 31, 2020 | Current Portion |
|---|---|---|---|---|---|---|
| General obligation bonds payable: | | | | | | |
| Perkins pond | $ 1,585,000 | 2015 | 2042 | 2.50% | $ 645,740 | $ 29,352 |
| Lake Avenue | $ 706,741 | 2013 | 2024 | 2.60% | 144,241 | 45,000 |
| Waste Water Treatment Plant | $ 1,500,000 | 2015 | 2042 | 3.50% | 1,287,676 | 39,846 |
| Water filtration | $ 1,248,260 | 2012 | 2027 | 5.00% | 487,330 | 66,695 |
| Asset management - State revolving loan* | $ 6,956 | 2020 | - | - | 6,956 | - |
| Total | | | | | $ 2,571,943 | $ 180,893 |

****State Revolving Loan Fund Program*** – Drawdowns received under the various State Revolving Loan Fund Programs will be consolidated by promissory notes upon substantial completion of the related projects. As of December 31, 2020, drawdowns received to date totaling $6,956 are recorded on the Town's financial statements, exclusive of any anticipated forgiveness on the loans.

The annual requirements to amortize all general obligation bonds outstanding as of December 31, 2020, including interest payments, are as follows:

**Governmental activities:**

| Fiscal Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 264,332 | $ 44,262 | $ 308,594 |
| 2022 | 135,327 | 38,593 | 173,920 |
| 2023 | 101,344 | 33,117 | 134,461 |
| 2024 | 102,554 | 29,864 | 132,418 |
| 2025 | 103,765 | 26,564 | 130,329 |
| 2026-2030 | 429,003 | 97,837 | 526,840 |
| 2031-2035 | 341,760 | 46,530 | 388,290 |
| 2036-2040 | 146,760 | 17,428 | 164,188 |
| 2041-2042 | 58,700 | 1,835 | 60,535 |
| Totals | $ 1,683,545 | $ 336,030 | $ 2,019,575 |

**Business-type activities:**

| Fiscal Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 180,893 | $ 86,639 | $ 267,532 |
| 2022 | 186,078 | 80,271 | 266,349 |
| 2023 | 189,794 | 67,715 | 257,509 |
| 2024 | 159,319 | 60,815 | 220,134 |
| 2025 | 155,414 | 54,592 | 210,006 |
| 2026-2030 | 521,044 | 224,914 | 745,958 |
| 2031-2035 | 448,169 | 158,938 | 607,107 |
| 2036-2040 | 504,740 | 84,024 | 588,764 |
| 2040-2042 | 219,536 | 10,318 | 229,854 |
| Totals | 2,564,987 | $ 828,226 | $ 3,393,213 |
| Add notes not yet in repayment | 6,956 | | |
| | $ 2,571,943 | | |

All debt is general obligation debt of the Town, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

***Accrued Landfill Postclosure Care Costs*** – The Town ceased operating its landfill in 1978. Federal and State laws and regulations require that the Town place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site after closure. A liability is being recognized based on the future postclosure care costs that will be incurred. The recognition of these landfill postclosure care costs is based on the amount of the landfill used through the end of the year. The estimated liability for landfill postclosure care costs has a balance of $264,600 as of December 31, 2020. The estimated total current cost of the landfill postclosure care ($8,820) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2020. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

***Bonds Authorized and Unissued*** – Bonds and notes authorized and unissued as of December 31, 2020 were as follows:

| Per Town Meeting Vote of | Purpose | Unissued Amount |
|---|---|---|
| March 10, 2020 | Water system trihalomethanes treatment | $400,000 |
| March 10, 2020 | Wastewater asset management | 30,000 |
| | | $430,000 |

## *NOTE 12 – DEFINED BENEFIT PENSION PLAN*

***Plan Description*** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time State employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

***Benefits Provided*** – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

| Years of Creditable Service as of 1/1/12 | Minimum Age | Minimum Service | Benefit Multiplier |
|---|---|---|---|
| At least 8 but less than 10 years | 46 | 21 | 2.4% |
| At least 6 but less than 8 years | 47 | 22 | 2.3% |
| At least 4 but less than 6 years | 48 | 23 | 2.2% |
| Less than 4 years | 49 | 24 | 2.1% |

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

***Contributions*** - The System is financed by contributions from both the employees and the Town. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. Group I (employee and teacher) members are required to contribute 7% of earnable compensation and Group II (police and fire) members contribute 11.55% and 11.80% respectively. For fiscal year 2020, the Town contributed 24.77% for police, 26.43% for fire and 10.88% for other employees. The contribution requirement for the fiscal year 2020 was $286,749, which was paid in full.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*** – At December 31, 2020 the Town reported a liability of $4,073,165 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.06% which was the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of $584,053. At December 31, 2020 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in proportion | $ 107,777 | $ 75,478 |
| Changes in assumptions | 402,917 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 251,930 | - |
| Differences between expected and actual experience | 109,995 | 43,734 |
| Contributions subsequent to the measurement date | 149,194 | - |
| Total | $ 1,021,813 | $ 119,212 |

The $149,194 reported as deferred outflows of resources related to pensions results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ending December 31, | |
|---|---|
| 2021 | $ 140,982 |
| 2022 | 182,893 |
| 2023 | 227,290 |
| 2024 | 202,242 |
| 2025 | - |
| Thereafter | - |
| Totals | $ 753,407 |

***Actuarial Assumptions*** – The collective total pension liability was based on the following assumptions:

| | |
|---|---|
| Inflation: | 2.0% |
| Salary increases: | 5.6% average, including inflation |
| Wage inflation: | 2.75% (2.25% for teachers) |
| Investment rate of return: | 6.75% net of pension plan investment expense, including inflation |

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

***Long-term Rates of Return*** – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

Following is a table presenting target allocations and geometric real rates of return for each asset class:

| Asset Class | Target Allocation | Weighted average long-term expected real rate of return 2020 |
|---|---|---|
| Large Cap Equities | 22.50% | 3.71% |
| Small/Mid Cap Equities | 7.50% | 4.15% |
| Total domestic equity | 30.00% | |
| Int'l Equities (unhedged) | 13.00% | 3.96% |
| Emerging Int'l Equities | 7.00% | 6.20% |
| Total international equity | 20.00% | |
| Core Bonds | 9.00% | 0.42% |
| Global Multi-Sector Fixed Income | 10.00% | 1.66% |
| Absolute Return Fixed Income | 6.00% | 0.92% |
| Total fixed income | 25.00% | |
| Private equity | 10.00% | 7.71% |
| Private debt | 5.00% | 4.81% |
| Total alternative investments | 15.00% | |
| Real estate | 10.00% | 2.95% |
| Total | 100.00% | |

***Discount Rate*** – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

***Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial Valuation Date | 1% Decrease 5.75% | Current Single Rate Assumption 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| June 30, 2020 | $ 5,273,091 | $ 4,073,165 | $ 3,092,667 |

***Pension Plan Fiduciary Net Position*** – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report. Reconciliation to the government-wide financial statements:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Pension Liability |
|---|---|---|---|
| Governmental activities | $ 858,323 | $ 100,138 | $ 3,421,459 |
| Business-type activities | 163,490 | 19,074 | 651,706 |
| Total | $ 1,021,813 | $ 119,212 | $ 4,073,165 |

## *NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*

### *21-A New Hampshire Retirement System (NHRS)*

***Plan Description*** – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system which administers a cost-sharing multiple-employer other postemployment benefit (OPEB) plan. For additional system information, please refer to the 2019 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

***Benefits Provided*** - Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age and retirement date. Group II benefits are based on hire date, age and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2020 were as follows:

> For qualified retirees not eligible for Medicare, the amounts were $375.56 for a single-person plan and $751.12 for a two-person plan.
>
> For those qualified retirees eligible for Medicare, the amounts were $236.84 for a single-person plan and $473.68 for a two-person plan.

***Contributions*** – The OPEB Plan is funded by allocating to the 401(h) subtrust the lessor of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2018, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2020, the Town contributed 3.66% for police and fire, and 0.29% for other employees. The contribution requirement for the fiscal year 2020 was $19,194, which was paid in full.

***OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*** – At December 31, 2020, the Town reported a liability of $178,687 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Town's proportion of the net OPEB liability was based on a projection of the Town's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the Town's proportion was 0.04% which was an the same as its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized OPEB expense of $4,055. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Changes in proportion | $ - | $ 1,870 |
| Net difference between projected and actual investment earnings on OPEB plan investments | 669 | 518 |
| Changes in assumptions | 1,149 | - |
| Contributions subsequent to the measurement date | 10,144 | - |
| Total | $ 11,962 | $ 2,388 |

The $10,144 reported as deferred outflows of resources related to OPEB results from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending December 31, | |
|---|---|
| 2021 | $(1,188) |
| 2022 | 198 |
| 2023 | 236 |
| 2024 | 184 |
| 2025 | - |
| Thereafter | - |
| Totals | $ (570) |

***Actuarial Assumptions*** – The collective total OPEB liability was based on the following actuarial assumptions:

| | |
|---|---|
| Inflation: | 2.0% |
| Salary increases: | 5.6 % average, including inflation |
| Wage inflation: | 2.75 % (2.25%) for teachers |
| Investment rate of return: | 6.75 % net of OPEB plan investment expense, including inflation for determining solvency contributions |

Mortality rates were based on the Pub-2010 Health Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

***Long-term Rates of Return*** – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

Following is a table presenting target allocations and geometric real rates of return for each asset class:

| Asset Class | Target Allocation | Weighted average long-term expected real rate of return 2020 |
|---|---|---|
| Large Cap Equities | 22.50% | 3.71% |
| Small/Mid Cap Equities | 7.50% | 4.15% |
| Total domestic equity | 30.00% | |
| Int'l Equities (unhedged) | 13.00% | 3.96% |
| Emerging Int'l Equities | 7.00% | 6.20% |
| Total international equity | 20.00% | |
| Core Bonds | 9.00% | 0.42% |
| Global Multi-Sector Fixed Income | 10.00% | 1.66% |
| Absolute Return Fixed Income | 6.00% | 0.92% |
| Total fixed income | 25.00% | |
| Private equity | 10.00% | 7.71% |
| Private debt | 5.00% | 4.81% |
| Total alternative investments | 15.00% | |
| Real estate | 10.00% | 2.95% |
| Total | 100.00% | |

***Discount Rate*** – The discount rate used to measure the total OPEB liability as of June 30, 2020 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statutes RSA 100-A:16 and 100-A:53. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

***Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Discount Rate*** – The following table presents the Town's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the Town's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

| Actuarial Valuation Date | 1% Decrease 5.75% | Current Single Rate Assumption 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| June 30, 2020 | $ 194,035 | $ 178,687 | $ 165,361 |

***Sensitivity of the Town's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Assumption*** – GASB No.75 requires the sensitivity of the OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are fixed stipends, there is no sensitivity to changes in the healthcare cost trend assumption.

***OPEB Plan Fiduciary Net Position*** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

Reconciliation to the government-wide financial statements:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net OPEB Liability |
|---|---|---|---|
| Governmental activities | $ 10,048 | $ 2,006 | $ 150,097 |
| Business-type activities | 1,914 | 382 | 28,590 |
| Total | $ 11,962 | $ 2,388 | $ 178,687 |

### *13-B Town of Sunapee Retiree Health Benefit Program*

The Town provides postemployment benefit options for health care to eligible retirees, terminated employees, and their dependents in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Town's contractual agreements.

The Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* in 2015. GASB Statement No. 75 requires state and local government employers to recognize the net OPEB liability and the OPEB expense on their financial statements, along with the related deferred outflows and inflows of resources. The Town has not fully implemented GASB Statement No. 75 at December 31, 2020 or contracted with an actuarial firm to assist in evaluating the impact of this standard on the Town's single employer plan. The amounts that should be recorded as the net OPEB liability and the OPEB expense for the Town's single employer plan are unknown.

## *NOTE 14 – ENCUMBRANCES*

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at December 31, 2020 and are as follows:

| | |
|---|---|
| General fund: | |
| General government | $ 10,004 |
| Public safety | 3,804 |
| Highways and streets | 17,475 |
| Total encumbrances | $ 31,283 |

## *NOTE 15 – STATE AID TO WATER POLLUTION PROJECTS*

The Town is due to receive from the State of New Hampshire the following amounts in the form of state aid to water pollution projects:

| Project | Purpose | Amount |
|---|---|---|
| C-893 | Wastewater treatment | $ 382,106 |
| C-894 | Perkins pond | 305,260 |
| #95-2271010 | Water filtration | 141,822 |
| | Total | $ 829,188 |

Under New Hampshire RSA Chapter 486, the Town receives from the State of New Hampshire a percentage of the annual amortization charges on the original costs resulting from the acquisition and construction of sewage disposal facilities. At December 31, 2020 the Town is due to receive the following annual amounts to offset debt payments:

**Governmental activities:**

| Fiscal Year Ending December 31, | Amount |
|---|---|
| 2021 | $ 11,188 |
| 2022 | 11,223 |
| 2023 | 11,177 |
| 2024 | 11,175 |
| 2025 | 11,161 |
| 2026-2030 | 37,110 |
| 2031-2035 | 29,350 |
| 2036-2040 | 29,350 |
| 2041-2045 | 29,357 |
| 2046-2050 | 5,874 |
| Total | $ 186,965 |

**Business-type activities:**

| Fiscal Year Ending December 31, | Amount |
|---|---|
| 2021 | $ 51,376 |
| 2022 | 51,720 |
| 2023 | 51,819 |
| 2024 | 52,065 |
| 2025 | 30,133 |
| 2026-2030 | 96,379 |
| 2031-2035 | 80,105 |
| 2036-2040 | 89,632 |
| 2041-2045 | 100,953 |
| 2046-2050 | 38,041 |
| Total | $ 642,223 |

## *NOTE 16 – GOVERNMENTAL ACTIVITIES, BUSINESS-TYPE ACTIVITIES, AND FIDUCIARY FUNDS NET POSITION*

Net position reported on the government-wide and fiduciary funds Statements of Net Position at December 31, 2020 include the following:

| | Government-wide Financial Statements | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Fiduciary Funds |
| Net investment in capital assets: | | | | |
| Net book value, all capital assets | $ - | $ - | $ - | $ - |
| Less: | | | | |
| General obligation bonds payable | (1,683,545) | (2,571,943) | (4,255,488) | - |
| Unamortized bond premiums | (49,985) | - | (49,985) | - |
| Capital lease payable | (46,411) | - | (46,411) | - |
| Total net investment in capital assets | (1,779,941) | (2,571,943) | (4,351,884) | - |
| Restricted net position: | | | | |
| Perpetual care - nonexpendable | 70,833 | - | 70,833 | - |
| Perpetual care - expendable | 83,875 | - | 83,875 | - |
| Drug forfeiture | 4,748 | - | 4,748 | - |
| Library | 278,081 | - | 278,081 | - |
| Water | - | 837,593 | 837,593 | - |
| Sewer | - | 2,542,224 | 2,542,224 | - |
| Hydroelectric | - | 425,642 | 425,642 | - |
| Individuals, organizations, and other governments | - | - | - | 869,613 |
| Total restricted net position | 437,537 | 3,805,459 | 4,242,996 | 869,613 |
| Unrestricted | 1,300,261 | - | 1,300,261 | - |
| Total net position | $ (42,143) | $ 1,233,516 | $ 1,191,373 | $ 869,613 |

## *NOTE 17 – GOVERNMENTAL FUND BALANCES*

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

| | General Fund | Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|
| **Nonspendable:** | | | |
| Tax deeded property | $ 532 | $ - | $ 532 |
| Permanent fund - principal balance | - | 70,833 | 70,833 |
| Total nonspendable fund balance | 532 | 70,833 | 71,365 |
| **Restricted:** | | | |
| Library | 278,081 | - | 278,081 |
| Drug forfeiture | 4,748 | - | 4,748 |
| Permanent - income balance | - | 83,875 | 83,875 |
| Total restricted fund balance | 282,829 | 83,875 | 366,704 |
| **Committed:** | | | |
| Expendable trusts | 1,277,594 | - | 1,277,594 |
| Voted appropriations - March 2021 | 55,585 | - | 55,585 |
| Bandstand | 1,132 | - | 1,132 |
| Conservation | - | 29,302 | 29,302 |
| Recreation | - | 93,271 | 93,271 |
| Bartlett Tyler | - | 28.584 | 28,584 |
| Dewey Woods | - | 1,611 | 1,611 |
| Town Forest | - | 5,222 | 5,222 |
| Total committed fund balance | 1,334,311 | 157,990 | 1,492,301 |
| **Assigned:** | | | |
| Encumbrances | 31,283 | - | 31,283 |
| **Unassigned (deficit)** | 2,632,806 | (4,584) | 2,628,222 |
| Total governmental fund balances | $4,281,761 | $308,114 | $ 4,589,875 |

## *NOTE 18 – PRIOR PERIOD ADJUSTMENTS*

Net position/fund balance at January 1, 2020 was restated to give retroactive effect to the following prior period adjustments:

| | | Governmental Activities | | |
|---|---|---|---|---|
| | Governmental Activities | General Fund (GAAP Basis) | General Fund (Budgetary Basis) | Other Governmental Funds |
| To reclassify enterprise funds from governmental activities | $ (504,028) | $ - | $ - | $ (1,525,385) |
| To restate for various inaccurate, old and erroneous balances | 459,546 | 503,052 | 503,052 | (13,012) |
| To reclassify other funds to correct fund types per various pronouncements | - | 29,187 | - | (427,376) |
| To record Library accounts not previously reported | 255,900 | 255,900 | - | - |
| To record difference 60-day unavailable revenue recognition amount to prior year | - | 142,633 | - | - |
| To restate for the implementation of GASB No. 84 | - | - | - | - |
| Net position/fund balance (deficit), as previously reported | (253,702) | 3,246,210 | 1,829,408 | 2,403,746 |
| Net position/fund balance (deficit), as restated | $ (42,284) | $ 4,176,982 | $ 2,332,460 | $ 437,973 |

*(continued)*

*Prior period adjustments continued:*

| | Business-type Activities | | | | |
|---|---|---|---|---|---|
| | Water Fund | Sewer Fund | Hydroelectric Fund | Total | Fiduciary Funds |
| To reclassify enterprise funds from governmental activities | $ (729,452) | $ (2,057,554) | $ - | $ (2,787,006) | $ - |
| To restate for various inaccurate, old and erroneous balances | 39,169 | 116,772 | (325,726) | (169,785) | - |
| To reclassify other funds to correct fund types per various pronouncements | - | - | - | - | - |
| To record Library accounts not previously reported | - | - | - | - | - |
| To record difference 60-day unavailable revenue recognition amount to prior year | - | - | - | - | - |
| To restate for the implementation of GASB No. 84 | - | - | - | - | 998,603 |
| Net position/fund balance (deficit), as previously reported | 686,030 | 1,765,649 | 839,355 | 3,291,034 | 134,731 |
| Net position/fund balance (deficit), as restated | $ (4,253) | $ (175,133) | $ 513,629 | $ 334,243 | $ 1,133,334 |

## *NOTE 19 – RISK MANAGEMENT*

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2020, the Town was a member of the New Hampshire Public Risk Management Exchange (Primex$^3$) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex$^3$) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from January 1, 2020 to December 31, 2020 by Primex$^3$, which retained $1,000,000 of each workers' compensation loss, $500,000 of each liability loss, and $200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex$^3$ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In 2020 the Town paid $60,367 and $48,109 respectively, to Primex for property, liability and worker's compensation. At this time, Primex$^3$ foresees no likelihood of any additional assessment for this or any prior year.

The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## *NOTE 20 – CONTINGENT LIABILITIES*

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

## *NOTE 21 – COVID-19*

As a result of the spread of COVID-19, Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget approved for 2020; and were incurred during the period that begins on March 1, 2020 and ends on December 31, 2020. The Town was awarded a portion of this federal funding totaling $122,401. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

## *NOTE 22 – TAX ABATEMENTS*

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Town had no such agreements for the year ended December 31, 2020.

## *NOTE 23 – SUBSEQUENT EVENTS*

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date, but arose after the date. Management has evaluated subsequent events through ____, 2022, the date the December 31, 2020 financial statements were available to be issued, and nothing was noted that requires recognition or disclosure.

***EXHIBIT G***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Schedule of the Town's Proportionate Share of Net Pension Liability***
***New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan***
***For the Fiscal Year Ended December 31, 2020***

| | December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Town's proportion of the net pension liability | 0.07% | 0.07% | 0.07% | 0.06% | 0.07% | 0.06% | 0.06% | 0.06% |
| Town's proportionate share of the net pension liability | $ 2,904,344 | $ 2,497,942 | $ 2,625,424 | $ 3,356,147 | $ 3,215,890 | $ 2,938,239 | $ 2,991,833 | $ 4,073,165 |
| Town's covered payroll | $ - * | $ - * | $ 1,774,027 | $ 1,679,578 | $ 1,821,232 | $ 1,906,032 | $ 1,951,640 | $ 2,075,426 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | - % * | - % * | 147.99% | 199.82% | 176.58% | 154.15% | 153.30% | 196.26% |
| Plan fiduciary net position as a percentage of the the total pension liability | 59.81% | 66.32% | 65.50% | 58.30% | 62.66% | 64.73% | 65.59% | 58.72% |

* Information not available

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

**EXHIBIT H**
**TOWN OF SUNAPEE, NEW HAMPSHIRE**
**Schedule of Town Contributions - Pensions**
**New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan**
**For the Fiscal Year Ended December 31, 2020**

| | December 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | $167,800 | $215,897 | $ 218,780 | $ 225,285 | $ 246,009 | $ 264,786 | $ 282,265 | $ 281,213 |
| Contributions in relation to the contractually required contributions | 167,800 | 215,897 | 218,780 | 225,285 | 246,009 | 264,786 | 282.265 | 281.213 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Town's covered payroll | $ - * | $ - * | $1,704,798 | $1,722,872 | $1,819,570 | $1,951,640 | $ 2,075,426 | $2,103,121 |
| Contributions as a percentage of covered payroll | - % * | - % * | 12.83% | 13.08% | 13.52% | 13.57% | 13.60% | 13.37% |

*Information not available

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

## *TOWN OF SUNAPEE, NEW HAMPSHIRE*

## *NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY*

## *FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020*

### *Schedule of the Town's Proportionate Share of Net Pension Liability and Schedule of Town Contributions - Pensions*

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits G and H represent the actuarial determined costs associated with the Town's pension plan at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

**Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage-of-Payroll, Closed |
| Remaining Amortization Period | 20 years beginning July 1, 2019 (30 years beginning July 1, 2009) |
| Asset Valuation Method | 5-year smooth market for funding purposes: 20% corridor |
| Price Inflation | 2.5% per year |
| Wage Inflation | 3.25% per year (3.00% for teachers) in the 2017 valuation |
| Salary Increases | 5.6% Average, including inflation |
| Municipal Bond Rate | 2.45% per year |
| Investment Rate of Return | 7.25% per year, net of investment expenses, including inflation |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-215 experience study. |
| Mortality | RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study. |

**Other Information:**

| | |
|---|---|
| Notes | The board has adopted new assumptions based on the 2015-2019 experience study effective for employer contributions in the 2022-23 biennium. |

***EXHIBIT I***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Schedule of the Town's Proportionate Share of the Net Other Postemployment Benefits Liability***
***New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan***
***For the Fiscal Year Ended December 31, 2020***

| | December 31, | | | |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| Town's proportion of the net OPEB liability | 0.03% | 0.04% | 0.04% | 0.04% |
| Town's proportionate share of the net OPEB liability (asset) | $ 138,196 | $ 198,818 | $ 193,998 | $ 178,687 |
| Town's covered payroll | $1,821,232 | $1,906,032 | $1,951,640 | $ 2,075,426 |
| Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 7.59% | 10.43% | 9.94% | 8.61% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 7.91% | 7.53% | 7.75% | 7.74% |

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

***EXHIBIT J***

***TOWN OF SUNAPEE, NEW HAMPSHIRE***

***Schedule of Town Contributions - Other Postemployment Benefits***

***New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan***

***For the Fiscal Year Ended December 31, 2020***

| | December 31, | | | |
|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 |
| Contractually required contribution | $ 17,914 | $ 20,299 | $ 19,964 | $ 18,813 |
| Contributions in relation to the contractually required contribution | 17,914 | 20,299 | 19,964 | 18,813 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Town's covered payroll | $ 1,819,570 | $ 1,951,640 | $ 2,075,426 | $ 2,103,121 |
| Contributions as a percentage of covered payroll | 0.98% | 1.04% | 0.96% | 0.89% |

The Note to the Required Supplementary Information – Other Postemployment Benefit Liability is an integral part of this schedule.

## *NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – OTHER POSTEMPLOYMENT BENEFIT LIABILITY*

## *FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020*

### *Schedule of the Town's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of Town Contributions – Other Postemployment Benefits*

As required by GASB Statement No. 75, Exhibits I and J represent the actuarial determined costs associated with the Town's other postemployment benefits at December 31, 2020. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

**Methods and Assumptions:**

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage-of-Payroll, Closed |
| Remaining Amortization Period | Not applicable under statutory funding |
| Asset Valuation Method | 5-year smooth market: 20% corridor |
| Price Inflation | 2.5% per year |
| Wage Inflation | 3.25% per year (3.00% for teachers) in the 2017 valuation |
| Salary Increases | 5.6% Average, including inflation |
| Municipal Bond Rate | 2.45% per year |
| Investment Rate of Return | 7.25% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions |
| Funding Discount Rate | 3.25% per year |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Based on the 2010-2015 experience study. |
| Mortality | RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the 2010-2015 experience study. |

*SCHEDULE 1*
*TOWN OF SUNAPEE, NEW HAMPSHIRE*
***Major General Fund***
***Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)***
***For the Fiscal Year Ended December 31, 2020***

| | Estimated | Actual | Variance Positive (Negative) |
|---|---|---|---|
| Taxes: | | | |
| Property | $4,561,763 | $4,590,426 | $ 28,663 |
| Land use change | - | 11,618 | 11,618 |
| Yield | - | 3,476 | 3,476 |
| Excavation | - | 80 | 80 |
| Interest and penalties on taxes | 50,000 | 55,173 | 5,173 |
| Total from taxes | 4,611,763 | 4,660,773 | 49,010 |
| Licenses, permits, and fees: | | | |
| Business licenses, permits, and fees | 500 | 1,496 | 996 |
| Motor vehicle permit fees | 825,000 | 981,626 | 156,626 |
| Building permits | 35,000 | 45,028 | 10,028 |
| Other | 26,000 | 27,028 | 1,028 |
| Total from licenses, permits, and fees | 886,500 | 1,055,178 | 168,678 |
| Intergovernmental: | | | |
| State: | | | |
| Shared revenues | 35,088 | 35,088 | - |
| Meals and rooms distribution | 176,553 | 176,553 | - |
| Highway block grant | 122,921 | 122,907 | (14) |
| Water pollution grants | 7,508 | 15,112 | 7,604 |
| Federal: | | | |
| COVID relief | - | 122,401 | 122,401 |
| From other governments | 119,376 | 119,376 | - |
| Total from intergovernmental | 461,446 | 591,437 | 129,991 |
| Charges for services: | | | |
| Income from departments | 102,000 | 112,812 | 10,812 |
| Miscellaneous: | | | |
| Interest on investments | 50,000 | 43,451 | (6,549) |
| Other | 22,000 | 78,173 | 56,173 |
| Total from miscellaneous | 72,000 | 121,624 | 49,624 |
| Other financing sources: | | | |
| Transfers in | 833,701 | 833,701 | - |
| Total revenues and other financing sources | 6,967,410 | $7,375,525 | $408,115 |
| Unassigned fund balance used to reduce tax rate | 300,000 | | |
| Amounts voted from fund balance | 16,800 | | |
| Total revenues, other financing sources, and use of fund balance | $7,284,210 | | |

*SCHEDULE 2*
*TOWN OF SUNAPEE, NEW HAMPSHIRE*
*Major General Fund*
*Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)*
*For the Fiscal Year Ended December 31, 2020*

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Current: | | | | | |
| General government: | | | | | |
| Executive | $ - | $ 332,502 | $ 336,889 | $ - | $ (4,387) |
| Election and registration | - | 245,986 | 221,321 | 8,680 | 15,985 |
| Financial administration | - | 228,848 | 219,365 | 1,324 | 8,159 |
| Revaluation of property | - | 116,644 | 74,998 | - | 41,646 |
| Legal | - | 18,000 | 12,188 | - | 5,812 |
| Personnel administration | - | 1,000 | 66 | - | 934 |
| Planning and zoning | - | 57,839 | 45,333 | - | 12,506 |
| General government buildings | - | 262,206 | 231,019 | - | 31,187 |
| Cemeteries | - | 13,636 | 12,917 | - | 719 |
| Insurance, not otherwise allocated | - | 8,068 | 6,527 | - | 1,541 |
| Advertising and regional associations | - | 14,272 | 8,159 | - | 6,113 |
| Other | 5,762 | 31,128 | 86,621 | - | (49,731) |
| Total general government | 5,762 | 1,330,129 | 1,255,403 | 10,004 | 70,484 |
| Public safety: | | | | | |
| Police | - | 886,577 | 911,201 | - | (24,624) |
| Ambulance | - | 61,886 | 61,886 | - | - |
| Fire | - | 236,998 | 212,529 | 3,804 | 20,665 |
| Emergency management | - | 200 | - | - | 200 |
| Other | - | 149,955 | 145,239 | - | 4,716 |
| Total public safety | - | 1,335,616 | 1,330,855 | 3,804 | 957 |
| Highways and streets: | | | | | |
| Highways and streets | - | 1,966,761 | 1,915,152 | 17,475 | 34,134 |
| Street lighting | - | 16,800 | 16,184 | - | 616 |
| Total highways and streets | - | 1,983,561 | 1,931,336 | 17,475 | 34,750 |
| Sanitation: | | | | | |
| Solid waste disposal | - | 558,246 | 567,700 | - | (9,454) |
| Health: | | | | | |
| Administration | - | 5,323 | 405 | - | 4,918 |
| Pest control | - | 500 | - | - | 500 |
| Health agencies | - | 15,176 | 15,176 | - | - |
| Total health | - | 20,999 | 15,581 | - | 5,418 |
| Welfare: | | | | | |
| Administration and direct assistance | - | 42,354 | 21,305 | - | 21,049 |
| Culture and recreation: | | | | | |
| Parks and recreation | - | 164,297 | 138,405 | - | 25,892 |
| Library | - | 439,402 | 377,273 | - | 62,129 |
| Patriotic purposes | - | 200 | 235 | - | (35) |
| Other | - | 5,000 | 5,000 | - | - |
| Total culture and recreation | - | 608,899 | 520,913 | - | 87,986 |
| Conservation | - | 3,775 | 8,775 | - | (5,000) |

*(Continued)*

**SCHEDULE 2 (Continued)**
**TOWN OF SUNAPEE, NEW HAMPSHIRE**
**Major General Fund**
**Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)**
**For the Fiscal Year Ended December 31, 2020**

| | Encumbered from Prior Year | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|---|---|---|---|---|---|
| Debt service: | | | | | |
| Principal of long-term debt | - | 263,609 | 263,609 | - | - |
| Interest on long-term debt | - | 51,520 | 51,682 | - | (162) |
| Interest on tax anticipation notes | - | 1,000 | - | - | 1,000 |
| Total debt service | - | 316,129 | 315,291 | - | 838 |
| Capital outlay | - | 633,702 | 575,321 | - | 58,381 |
| Other financing uses: | | | | | |
| Transfers out | - | 450,800 | 450,800 | - | - |
| Total appropriations, expenditures, other financing uses, and encumbrances | $ 5,762 | $ 7,284,210 | $ 6,993,280 | $ 31,283 | $ 265,409 |

*SCHEDULE 3*
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Major General Fund***
***Schedule of Changes in Unassigned Fund Balance***
***For the Fiscal Year Ended December 31, 2020***

| | | |
|---|---|---|
| Unassigned fund balance, beginning (Non-GAAP Budgetary Basis), as restated (see Note 18) | | $2,332,460 |
| Changes: | | |
| Unassigned fund balance used to reduce 2020 tax rate | | (300,000) |
| Amounts voted from fund balance | | (16,800) |
| 2020 Budget summary: | | |
| Revenue surplus (Schedule 1) | $408,115 | |
| Unexpended balance of appropriations (Schedule 2) | 265,409 | |
| 2020 Budget surplus | | 673,524 |
| Decrease in nonspendable fund balance | | 47,053 |
| Increase in committed fund balance | | (55,585) |
| Unassigned fund balance, ending (Non-GAAP Budgetary Basis) | | 2,680,652 |
| ***Reconciliation on Non-GAAP Budgetary Basis to GAAP Basis*** | | |
| To record deferred property taxes not collected within 60 days of the fiscal year-end, not recognized on a budgetary basis | | (70,701) |
| Elimination of the allowance for uncollectible taxes | | 22,855 |
| Unassigned fund balance, ending, GAAP basis (Exhibit C-1) | | $2,632,806 |

### *SCHEDULE 4*
### *TOWN OF SUNAPEE, NEW HAMPSHIRE*
*Nonmajor Governmental Funds*
*Combining Balance Sheet*
*December 31, 2020*

| | Special Revenue Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Conservation Commission | Recreation | Bartlett Tyler | Dewey Woods | Coffin Memorial | Town Forest | Public Safety Services | Permanent Fund | Total |
| **ASSETS** | | | | | | | | | |
| Cash and cash equivalents | $ 168,550 | $ 89,831 | $ 28,584 | $ 1,611 | $ 256 | $ 5,222 | $ 2,622 | $ 154,452 | $ 451,128 |
| Accounts receivable | - | 3,440 | - | - | - | - | - | - | 3,440 |
| Interfund receivable | - | - | - | - | - | - | - | 256 | 256 |
| Total assets | $ 168,550 | $ 93,271 | $ 28,584 | $ 1,611 | $ 256 | $ 5,222 | $ 2,622 | $ 154,708 | $ 454,824 |
| **LIABILITIES AND FUND BALANCES** | | | | | | | | | |
| **Liabilities:** | | | | | | | | | |
| Interfund payable | $ 139,248 | $ - | $ - | $ - | $ 256 | $ - | $ 7,206 | $ - | $ 146,710 |
| **Fund balances (deficit):** | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 70,833 | 70,833 |
| Restricted | - | - | - | - | - | - | - | 83,875 | 83,875 |
| Committed | 29,302 | 93,271 | 28,584 | 1,611 | - | 5,222 | - | - | 157,990 |
| Unassigned (deficit) | - | - | - | - | - | - | (4,584) | - | (4,584) |
| Total fund balances (deficit) | 29,302 | 93,271 | 28,584 | 1,611 | - | 5,222 | (4,584) | 154,708 | 308,114 |
| Total liabilities and fund balances | $ 168,550 | $ 93,271 | $ 28,584 | $ 1,611 | $ 256 | $ 5,222 | $ 2,622 | $ 154,708 | $ 454,824 |

**_SCHEDULE 5_**

**_TOWN OF SUNAPEE, NEW HAMPSHIRE_**

**_Nonmajor Governmental Funds_**

**_Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances_**

**_For the Fiscal Year Ended December 31, 2020_**

| | Special Revenue Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Conservation Commission | Recreation | Bartlett Tyler | Dewey Woods | Coffin Memorial | Town Forest | Public Safety Services | Permanent Fund | Total |
| **Revenues:** | | | | | | | | | |
| Taxes | $ 13,347 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 13,347 |
| Charges for services | - | 26,537 | - | - | - | - | 4,878 | - | 31,415 |
| Miscellaneous | 117 | 114 | - | 1 | - | 5 | - | 777 | 1,014 |
| Total revenues | 13,464 | 26,651 | - | 1 | - | 5 | 4,878 | 777 | 45,776 |
| **Expenditures:** | | | | | | | | | |
| Current: | | | | | | | | | |
| General government | - | - | 477 | - | - | - | - | - | 477 |
| Public safety | - | - | - | - | - | - | 7,749 | - | 7,749 |
| Culture and recreation | - | 15,998 | - | - | - | - | - | - | 15,998 |
| Conservation | 206,411 | - | - | - | - | - | - | - | 206,411 |
| Total expenditures | 206,411 | 15,998 | 477 | - | - | - | 7,749 | - | 230,635 |
| Excess (deficiency) of revenues over (under) expenditures | (192,947) | 10,653 | (477) | 1 | - | 5 | (2,871) | 777 | (184,859) |
| **Other financing sources (uses):** | | | | | | | | | |
| Transfers in | 55,000 | - | - | - | - | - | - | 256 | 55,256 |
| Transfers out | - | - | - | - | (256) | - | - | - | (256) |
| Total other financing sources (uses) | 55,000 | - | - | - | (256) | - | - | 256 | 55,000 |
| Net change in fund balances | (137,947) | 10,653 | (477) | 1 | (256) | 5 | (2,871) | 1,033 | (129,859) |
| Fund balances, beginning, as restated (see Note 18) | 167,249 | 82,618 | 29,061 | 1,610 | 256 | 5,217 | (1,713) | 153,675 | 437,973 |
| Fund balances, ending | $ 29,302 | $ 93,271 | $ 28,584 | $ 1,611 | $ - | $ 5,222 | $ (4,584) | $ 154,708 | $308,114 |

***SCHEDULE 6***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Custodial Funds***
***Combining Schedule of Fiduciary Net Position***
***December 31, 2020***

| | Custodial Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Taxes | School Trust Funds | Sunapee Center Association | Habor Ridge | Land Disturbance | Planning & Zoning Escrows | Total |
| **ASSETS** | | | | | | | |
| Cash and cash equivalents | $ 5,628,505 | $ 634,792 | $ 451 | $ 3,214 | $ - | $ - | $ 6,266,962 |
| Intergovernmental receivables | - | 100,000 | - | - | 80,000 | - | 180,000 |
| Total assets | 5,628,505 | 734,792 | 451 | 3,214 | 80,000 | - | 6,446,962 |
| **LIABILITIES** | | | | | | | |
| Intergovernmental payables: | | | | | | | |
| School | 5,628,505 | - | - | - | - | - | 5,628,505 |
| Escrow payable | - | - | - | - | 80,000 | - | 80,000 |
| Total liabilities | 5,628,505 | - | - | - | 80,000 | - | 5,708,505 |
| **NET POSITION** | | | | | | | |
| Restricted | $ - | $ 734,792 | $ 451 | $ 3,214 | $ - | $ - | $ 738,457 |

***SCHEDULE 7***
***TOWN OF SUNAPEE, NEW HAMPSHIRE***
***Custodial Funds***
***Combining Schedule of Changes in Fiduciary Net Position***
***For the Fiscal Year Ended December 31, 2020***

| | Custodial Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Taxes | School Trust Funds | Sunapee Center Association | Habor Ridge | Land Disturbance | Planning & Zoning Escrows | Total |
| **Additions:** | | | | | | | |
| Contributions | $ - | $ 100,000 | $ - | $ - | $ - | $ 1,600 | $ 101,600 |
| Investment earnings | - | 4,595 | - | 3 | - | - | 4,598 |
| Tax collections for other governments | 15,388,978 | - | - | - | - | - | 15,388,978 |
| Other | - | - | - | - | - | 1,544 | 1,544 |
| Total additions | 15,388,978 | 104,595 | - | 3 | - | 3,144 | 15,496,720 |
| **Deductions** | | | | | | | |
| Trust purposes | - | 361,383 | - | - | - | - | 361,383 |
| Payments of taxes to other governments | 15,388,978 | - | - | - | - | - | 15,388,978 |
| Payments for escrow purposes | - | - | - | - | - | 6,505 | 6,505 |
| Total deductions | 15,388,978 | 361,383 | - | - | - | 6,505 | 15,756,866 |
| Net increase (decrease) in fiduciary net position | - | (256,788) | - | 3 | - | (3,361) | (260,146) |
| Net position, beginning, as restated (see Note 18) | - | 991,580 | 451 | 3,211 | - | 3,361 | 998,603 |
| Net position, ending | $ - | $ 734,792 | $ 451 | $ 3,214 | $ - | $ - | $ 738,457 |

# Plodzik & Sanderson

*Professional Association/Certified Public Accountants*

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX 603-224-1380


## *INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS*

To the Members of the Board of Selectmen and Town Manager
Town of Sunapee
Sunapee, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major governmental and proprietary fund, and aggregate remaining fund information of the Town of Sunapee, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Sunapee's basic financial statements and have issued our report thereon dated _________, 2022.

### *Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Town of Sunapee's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Sunapee's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Sunapee's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described below to be a material weakness:

#### *2020-01 General Town Policies*

During our audit, we noted that over the past few years, the Town has experienced a high turnover in its upper management and accounting positions. As a result, well-defined accounting policies and procedures have not been established and many review and reconciliation policies and procedures have not been consistently or continuously maintained. We suggest that a formal accounting policies and procedures manual be developed, documented, and distributed to all employees. A well-structured accounting policies and procedures manual can be very helpful in ensuring that proper procedures and related internal controls are in place and consistently followed.

The Town is lacking formal policies over investments, purchasing, anti-fraud, transfers of appropriations, credit card use and capital assets. In addition, the Town is receiving federal funds and should have policies in accordance with 2 CFR 200 in place which include procurement, cash management and allowable costs. An investment policy is required per NH state statute RSA 41:9 *Financial Duties*, and should be adopted and reviewed by the Board of Selectmen and Town Manager annually. Credit card use by employees should be controlled via a detailed credit card policy which includes cardholder responsibilities, limitations on card use, processes for submitting documentation etc. A capital asset policy is an integral part of the recording and maintenance of the Town's capital asset records. Without such a policy in place there can be inconsistency in the tracking, recording, and disposal of assets. We recommend that the Town establish and formally adopt the above noted policies.

**Management's Response:**

*2020-02 Staffing of Accounting Department*

We noted the Town is experiencing significant delays in its accounting and reporting processes as well as timely account reconciliations being performed in the accounting department. Best practices suggest that an accounting department be properly staffed so that there is a clear segregation of duties; and allows those in the department to report financial information on an accurate and timely basis. It will also allow the Town to properly track the Town's capital assets which is not presently being done. Adequate time must be spent on preparation, review and reconciliation of records to properly and efficiently accomplish the accounting process at the Town. Continued problems in receiving timely and current financial information can significantly impact senior management's abilities, such as providing relevant oversight and budgetary control. In addition, the Town presently receives an adverse opinion because the Town's capital assets are not being reported. We suggest the Town evaluate the staffing of the accounting department as soon as possible, because time must be allowed for training any new hires. The Town should give the accounting department staffing issue the highest priority in upcoming months.

**Management's Response:**

*2020-03 Accounting Discipline*

In the process of performing our audit, we noted that there was a certain lack of review and reconciliation in many areas of the accounting function. Accounting tasks such as monthly reconciliations, cross checks, and reviews play a key role in proving the accuracy of accounting data and financial information that comprise interim and year-end financial statements. This can increase the chance of accounting data and financial information that is not accurate or misstated could be reported in any interim and/or year-end financial statements. We strongly suggest that the Town establish effective review and reconciliation policies and procedures as a customary part of the accounting process.

**Management's Response:**

*2020-04 Town Treasurer*

The following was noted during review of processes and procedures related to the activities of the Town Treasurer:

i. The Treasurer is not completing a bank reconciliation for any Town accounts and is not reviewing the reconciliations completed by the Finance Office.

ii. The Treasurer is not maintaining a cash book to use in comparison with the Town's general ledger.

iii. The Town does not have a Deputy Treasurer.

iv. The Treasurer is not making deposits and has not issued a delegation of deposit authority to Town staff to do deposits pursuant to RSA 41:29, *Duties of Elected and Appointed Town Treasurer*.

The Treasurer should be approving the Finance Office's reconciliation as well as creating their own reconciliation for each account. The Town should appoint a Deputy Treasurer to perform the duties of the Treasurer if they are unable to do so, in accordance with RSA 41:29-a, *Deputy Treasurer*. State RSA 41:29, *Duties of Elected and Appointed Town Treasurers*, require the Treasurer to maintain a cashbook for each account in their custody. The lack of a Deputy Treasurer leaves the Town open to an increased risk loss of continuous operations if the Treasurer is unable to perform their duties. We recommend that the Treasurer review and sign off on the Finance Office's reconciliation. The Treasurer also should create their own reconciliation and make sure that it ties out to the Finance Office's reconciliation for each account in their custody. Further, the Town should appoint someone as the Deputy Treasurer to perform the duties of the Treasurer if and when the Treasurer is unable to do so. A cashbook should be maintained for each account in the Treasurer's custody. The Treasurer and Board of Selectmen should prepare and formally adopt delegation of deposit authority in order to be in compliance with the noted requirements.

**Management's Response:**

*2020-05 Town Permanent Records*

We noted that many personnel files contain data that is either old or incomplete. Maintaining personnel files is an important internal control. Additionally, we noted that personnel files did not contain current/accurate pay rate documentation. Information was lacking regarding COLA's and other wage adjustments. Additionally, job descriptions are either outdated or do not exist. Finally, two of the five full time employees enrolled in NHRS tested did not have copies of the NHRS enrollment forms in their personnel file. Complete and current personnel files should be established and maintained in a secured location for each employee. Files should include the following:

- Employment history including hire date
- Address of next of kin and emergency contact notification information
- Authorized salary data and withholding/adjustment authorization
- Employment contracts
- Authorized and current payroll deductions
- Current federal and state withholding tax forms
- Vacation data
- Sick leave data
- Reference checks and responses
- Management authorization of all personnel changes
- Formal pay rate documentation that is signed by the employee and supervisor
- NHRS enrollment forms and beneficiary forms

This lack of documentation can result in an inability to determine if employees are being paid correctly and may result in other penalties etc. for federal tax reporting. Employees may not be properly enrolled in NHRS. It was further noted that personnel files were maintained in unlocked file cabinets where many employees of the Town would have access. We recommend that the Town review current personnel files and remove old and outdated information. They should also ensure all required documentation is present for each employee and that those records are secured and only accessible to those employees that are specifically identified as needing access.

**Management's Response:**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Town of Sunapee's internal control to be significant deficiencies:

*2020-06 Capital Reserve Transfers*

There were 7 warrant articles voted in 2020 requiring transfer from the general fund to the capital reserve (6) and non-capital reserve (1) funds for voted appropriations that were not transferred over until January 26, 2021. RSA 35:12, *Appropriations*, states that the monies need to be transferred on or before December 15th following the vote taken. It was also noted that requests to reimburse the general fund for amounts expended as agents to expend from capital reserves or related to warrant articles are also not being completed timely. The Town is not in compliance with State Statutes as well as lost interest income on the funds in the trust funds. It is recommended that the transfer of funds to the Trustee of Trust Funds should occur well before December 15th of each year and that funds requested as reimbursements be done on a regular basis in order to ensure accurate tracking of any interfund balances owed between the funds.

**Management's Response:**

*2020-07 Disbursement Procedures*

We noted several areas of concern related to the Town's processing of disbursements. These are listed below:

- Checks produced in late February 2021 were back dated using a December 31, 2020 date. These checks were then included in the list of payables at December 31, 2020 and posted directly to the accounts payable account thus not affecting cash as of December 31, 2020.
- As noted previously the Town is lacking a purchasing policy and is not utilizing a purchase order system to manage purchases.
- Several disbursements made from the Town's water and sewer funds were made payable to "cash" rather then an individual or business.
- Manifests for water and sewer disbursements are not approved by the Commissioners until after the payments have been made.
- Three invoices reviewed were not stamped as received by the finance department and one invoice was lacking documentation of approval to pay.

Proper cutoff is extremely critical in all aspects of accounting. Any process or procedure that holds the books open or closes them in advance will yield inaccurate financial results. Utilizing a purchase order system can provide a more accurate way for the Town to ensure budget compliance and provides a trail of approval for all departments. Checks should not be written out to cash because if they are misplaced or stolen anyone would be able to cash the checks. Checks if replenishing petty cash should be written out to the individual who has custody of the petty cash. We strongly recommend that all check disbursements be dated in sequence using the date the check is actually produced and if accounts payables exist at year end a journal entry be recorded to posted the payables rather than back dating the checks. Further we recommend that the Town review and implement a purchasing policy which includes the use of purchase orders to properly encumber appropriations. Finally, we strongly recommend that checks are no longer made out to cash.

**Management's Response:**

*2020-08 Cash Receipts*

We noted that there was a lack of segregation of duties within the cash receipts area. The objective of internal control over cash receipts is to obtain control over amounts received at the time of receipt. We feel that separating these closely related functions in the cash receipts system of the Town will result in much greater internal control in this particular area. To achieve this control, certain duties involving receipts should be handled by more than one member of the Town's personnel. The following procedures should be enacted to ensure efficient internal control:

- One employee, should open the mail, make a control list of all receipts, and restrictively endorse all items received as "for deposit only." This would prevent any unauthorized endorsement should the checks be misplaced or lost before being deposited.
- The receipts should then go to another employee for further processing and deposit to the bank on a timely basis.
- Someone who does not otherwise handle receipts should compare the deposit slips to the list of receipts to ensure that all funds reflected on the receipts were deposited.

We further noted that one selected cash receipt related to the transfer station was lacking a copy of the deposit slip and there was no evidence of documented review of the amount included in the deposit. Where a complete segregation of duties is not possible, the Town should incorporate compensating controls to provide reasonable assurance that transactions are being monitored for accuracy and propriety. The Town should also ensure that all supporting documentation for cash receipts are kept on file at the Town office.

**Management's Response:**

*2020-09 Town Trust Funds*

While documenting internal controls and testing the Town's trust funds the following was noted:

- No individual summaries of each trust fund are maintained. The annual MS-9 report is based off of the bank statements.
- There is no monthly reconciliation performed on the bank statement as there are no separate summaries prepared to allow for a reconciliation to be performed.
- There were two trust funds voted at the 2019 Annual Town Meeting to be closed and as of the end of 2021 they still remain open.
- There is a small cash balance in a Sugar River Savings Bank account of $32.18 that the Trustees are unaware of what it relates to.

Trustees should prepare individual summaries for each trust fund to record all transactions in the funds and track the ending balances. These summaries should be used in monthly bank reconciliations in order to make sure the bank balances are accurate. The Town has voted to close two trust funds, so they should be closed in the year in which it was voted on. It is unknown why these two trust funds have not been closed to date. The lack of proper reconciliation can result in bank errors that may not be found if there are no separate summaries prepared by the Trustees. This could result in misstated MS-9 forms and bank balances. The Town is not following approved warrant articles and closing out funds that have been approved. We recommend that summaries for each trust fund be maintained and that those summaries be reconciled monthly to the bank statement; as well as the two trust funds that were voted to be closed should be closed into the general fund. In addition, we recommend that the Trustees research the small bank account and determine the purpose of the funds and close it into the appropriate trust account.

**Management's Response:**

*2020-10 Accounts Setup*

While testing the interfund balances and transfers between the general fund and hydro fund it was noted that each fund had an interfund transfer account that was set up as balance sheet account in each fund. Transfers in and out accounts are to be set up as revenue and expenditure accounts and are not balance sheet accounts. The accounting system account structure is not set up properly and transfers in and out are not being shown as revenues and expenditures thus the accounts are running balances that should not exist. We recommend that the Town make sure that all accounts in the general ledger system be set up properly based on the type of account, i.e., asset, liability, etc. and that if any accounts are incorrect that they be corrected and to make sure any new accounts added are properly set up.

**Management's Response:**

*2020-11 Adjusting Journal Entries*

During both documentation of adjusting journal entries internal controls and during adjusting journal entry testing it was noted that there was no approval of adjusting journal entries. In addition, it was noted during adjusting journal entry testing that there were several entries made that were not in balance. All adjusting journal entries should have formal approval to ensure that they are appropriate. Continuation of this practice can lead to incorrect adjusting journal entries being posted to the general ledger. We recommend the Town to implement a formal review and approval process for adjusting journal entries.

**Management's Response:**

In addition, we noted other matters involving internal control and its operation that we have reported to the management of the Town of Sunapee in a separate letter, also dated ________, 2022.

### *Town of Sunapee's Responses to Findings*

The Town of Sunapee's responses to the findings identified in our audit are described above and the Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### *Purpose of This Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

, 2022

PLODZIK & SANDERSON
Professional Association

pd #100.00
ck 15668
BV 3/10/22

FIREWORKS permit

COPY

7/03
2022
Sunday

# APPLICATION FOR USE OF TOWN OF SUNAPEE FACILITIES

Area (Circle One): BenMere/Bandstand – Coffin Park - Dewey Beach - Georges Mills Harbor – Safety Services Building--Sunapee Harbor-Tilton Park

Name of Organization:

Lake Sunapee Yacht Club Fed ID # 02-0226712

This Organization is: Non-Profit - Political –Private (N/A for profit companies)

ALI MAHRA, General Manager

Name of Duly Authorized:

34 Stone End Rd

Mailing Address: PO Box 329

Sunapee, NH 03782

Daytime Phone: 617-645-6355 (O) Evening Phone: Same

(802) 904-3015 cell

I/We hereby apply for permission to use the above circled Town facility on:

Event Date: 7/03/2022 Time: From: 6 Am To: 8 AM

Please describe the complete details of the event:(If advertising please include ad or flyer)
*include a list of outside vendors that will be part of your event.

To Load fireworks on Barge.

Must be clear of Dewey Beach by 8 Am.

I/We acknowledge understanding the following restrictions:

(1) If this event will likely bring more than 50 people or 20 cars to the area, the applicant must first submit this application to the Chief of Police. The Chief of Police may require the applicant to hire police officer(s) for crowd or traffic control.

(2) I/We agree to abide by the Town of Sunapee's Recreation Area Ordinance, which controls conduct and uses of this area.

(3) The applicant shall indemnify and hold the Town of Sunapee, its employees, agents, and representatives harmless from any and all suits, actions, claims, in equity or at law, for damages asserted by any attendees at such function, or other third parties, resulting from the use of the premises, or from



$100.00
Check attached
Ali Mahra

the food and beverages served at the above-described function. In addition, in the event that the town is required to respond to any claims of any nature arising in connection with the function or the applicant's use of the premises, the applicant agrees to pay to the Town all costs, fees, charges and attorney's fees which may be incurred by the Town concerning such claims.

I/We plan on 20 # of people and 5 # of vehicles attending our event.

Signature of Responsible Individual [signature] Date 3/04/2022

[signature] 3-10-22

Approved by Chief of Police Date

0 # of Officer(s) will be assigned to event at applicant's expense.

Approved by Recreation Director (if applicable) Date

[signature] 3/9/22

Approved by Fire Chief (if applicable) Date

Approved by Highway Director (if applicable) Date

Signature of Approving/Denying Authority (Chairman of the Board of Selectmen) Date

**Insurance**: At least ten (10) days prior to such scheduled function, the applicant shall furnish to the Office of the Sunapee Board of Selectmen written confirmation that the applicant has secured adequate liability insurance covering the event in an amount not less than $300,000.

***Suggested $50 contribution for non-residents**

**NO ALCOHOL ALLOWED ON TOWN PROPERTIES WITHOUT A ALCOHOLIC CONSUMPTION ON TOWN PROPERTY PERMIT**

COPY

# APPLICATION FOR USE OF TOWN OF SUNAPEE FACILITIES

Area (Circle One): BenMere/Bandstand – Coffin Park - Dewey Beach - Georges Mills Harbor – Safety Services Building--Sunapee Harbor-Tilton Park

Name of Organization:

Sunapee School District

This Organization is: Non-Profit - Political –Private (N/A for profit companies)

Name of Duly Authorized:

Sean Moynihan - Sunapee Middle High School

Mailing Address: 10 North Rd

Daytime Phone: 603-763-5615 Evening Phone: ____________

I/We hereby apply for permission to use the above circled Town facility on:

Event Date: 5/21/22 Time: From: 9:00am To: 12:00pm

Please describe the complete details of the event:(If advertising please include ad or flyer)
*include a list of outside vendors that will be part of your event.

+/- 5K run from Dewey Beach along Jobs Creek Road, Garnet Hill Rd, Granliden, and back to Dewey Beach

I/We acknowledge understanding the following restrictions:

(1) If this event will likely bring more than 50 people or 20 cars to the area, the applicant must first submit this application to the Chief of Police. The Chief of Police may require the applicant to hire police officer(s) for crowd or traffic control.

(2) I/We agree to abide by the Town of Sunapee's Recreation Area Ordinance, which controls conduct and uses of this area.

(3) The applicant shall indemnify and hold the Town of Sunapee, its employees, agents, and representatives harmless from any and all suits, actions, claims, in equity or at law, for damages asserted by any attendees at such function, or other third parties, resulting from the use of the premises, or from

the food and beverages served at the above-described function. In addition, in the event that the town is required to respond to any claims of any nature arising in connection with the function or the applicant's use of the premises, the applicant agrees to pay to the Town all costs, fees, charges and attorney's fees which may be incurred by the Town concerning such claims.

I/We plan on 150 # of people and 75 # of vehicles attending our event.

Signature of Responsible Individual [illegible] Date

[illegible] 3-10-22
Approved by Chief of Police Date

0 # of Officer(s) will be assigned to event at applicant's expense.

Approved by Recreation Director (if applicable) Date

Approved by Fire Chief (if applicable) Date

Approved by Highway Director (if applicable) Date

Signature of Approving/Denying Authority (Chairman of the Board of Selectmen) Date

**Insurance:** At least ten (10) days prior to such scheduled function, the applicant shall furnish to the Office of the Sunapee Board of Selectmen written confirmation that the applicant has secured adequate liability insurance covering the event in an amount not less than $300,000.

***Suggested $50 contribution for non-residents**

**NO ALCOHOL ALLOWED ON TOWN PROPERTIES WITHOUT A ALCOHOLIC CONSUMPTION ON TOWN PROPERTY PERMIT**

Please Contact Jon Reed with any questions regarding this event. JREED@SUNAPEESCHOOLS.ORG